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Trust in water

PR19 draft determinations

**Hafren Dyfrdwy – Outcomes performance
commitment appendix**

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PR19 draft determinations: Hafren Dyfrdwy - Outcomes performance commitment appendix

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for Hafren Dyfrdwy 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 Hafren Dyfrdwy 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 'Hafren Dyfrdwy - 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: Performance against this commitment gives customers a confidence that water is clean and safe to drink and also highlights the company's ability to conform to its statutory obligations.

Performance commitment definition and parameters

Unique Reference	PR19HDD_A1
Detailed definition of performance measure:	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 http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf
Additional detail on measurement units:	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).
Specific exclusions:	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Numerical CRI score, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water resources 50% water network plus

Unique Reference	PR19HDD_A1
Frequency of reporting	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.
Any other relevant information	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.
Links to relevant external documents	http://www.dwi.gov.uk/about/annual-report/index.htm

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	0.00	0.00	0.00	0.00	0.00
Underperformance collar	number		9.50	9.50	9.50	9.50	9.50
Enhanced underperformance threshold	number		NA	NA	NA	NA	NA
Underperformance deadband	number		2.00	2.00	1.50	1.50	1.50
Outperformance deadband	number		NA	NA	NA	NA	NA
Enhanced outperformance threshold	number		NA	NA	NA	NA	NA
Outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.033
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	PR19HDD_B1
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf</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>
Additional detail on measurement units	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ $\text{Total number of properties supplied (year end)} = \text{average number of minutes lost per customer}$ <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>

Unique Reference	PR19HDD_B1
	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.
Specific exclusions:	None
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water resources 50% water network plus
Frequency of reporting	Annual
Any other relevant information	ODI rate applies on a per minute basis.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	HH:MM:SS	NA	00:05:24	00:04:48	00:04:12	00:03:36	00:03:00
Enhanced underperformance collar	HH:MM:SS		NA	NA	NA	NA	NA
Standard underperformance collar	HH:MM:SS		NA	NA	NA	NA	NA
Underperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0475
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	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 15% from 2019-20 to 2024-25. This is a different figure to 12.4% 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	PR19HDD_B2
Detailed definition of performance measure	<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 27th March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</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>
Additional detail on measurement units	<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 between the annual value derived from the 2019-20 PR14</p>

Unique Reference	PR19HDD_B2
	<p>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>
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	<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>
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
Any other relevant information	<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>
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
Performance commitment level – percentage reduction	%	NA	1.2	3.4	6.4	9.4	12.4
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.202
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
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	PR19HDD_B3
Detailed definition of performance measure	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</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>
Additional detail on measurement units	<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>

Unique Reference	PR19HDD_B3
	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.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	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.
Measurement unit and decimal places	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water resources 50% water network plus
Frequency of reporting	Annual
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
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
Performance commitment level – percentage reduction	%	NA	0.9	1.8	2.7	3.5	4.2
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.014
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
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

Unique Reference	PR19HDD_B5
Detailed definition of performance measure	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 th March 2018. https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/ It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
Additional detail on measurement units	Mains repairs – This includes all physical repair work to mains from which water is lost. Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	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

Unique Reference	PR19HDD_B5
	contact (made using any communication channel) informing the company of a leak.
Measurement unit and decimal places	Number of repairs per 1000km of mains, reported to one decimal place.
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
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	112.1	111.6	111.2	110.7	110.3
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.007
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	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	PR19HDD_B6
Detailed definition of performance measure	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4th April 2019. https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf</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 can then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
Additional detail on measurement units	See reporting guidance for additional detail.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance	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.
Measurement unit and decimal places	Percentage of peak week production capacity, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment

Unique Reference	PR19HDD_B6
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water resources 50% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.056
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	PR19HDD_B4
Detailed definition of performance measure	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on the 13th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf</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>
Additional detail on measurement units	<p>The metric will be calculated using the following formula: <i>At risk if, $DO - OA < DD + TH$</i></p> <p>Where:</p> <ul style="list-style-type: none"> Deployable output (supply) = DO Outage allowance (unavailable supply) = OA Dry year demand = DD Target headroom (uncertainty) = TH <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (i.e. population of a water resource zone) by the total number of customers served by the company.</p>

Unique Reference	PR19HDD_B4
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance	As defined in the reporting guidance.
Measurement unit and decimal places	Percentage of population at risk reported to one decimal place
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	NA
Links to relevant external documents	NA

Performance commitment levels

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

1.1.8 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	PR19HDD_H1
<p>Detailed definition of performance measure</p>	<p>This common performance commitment is defined in the reporting guidance '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"> • The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company's PSR; • Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period; • Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period. <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
<p>Additional detail on measurement units</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> <p>Total households – Total number of households served (recorded on 31 March)</p>

Unique Reference	PR19HDD_H1
	<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>
Specific exclusions	None
Reporting and assurance	<p>Companies should also report the following information:</p> <p>PSR reach: 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>PSR data-checking: 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>
Measurement unit and decimal places	<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>
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	NA
Links to relevant external documents	Reporting guidance – Common performance commitment for the Priority Service Register

Performance commitment levels

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	1.0	2.5	4.0	5.5	7.0
Performance commitment level: Actual contact	%		25.0	50.0	50.0	50.0	50.0
Performance commitment level: Attempted contact	%		45.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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 Internal sewer flooding

Purpose: This performance commitment is designed to incentivise companies to reduce the number of internal sewer flooding incidents.

Benefits: A reduction in internal sewer flooding reduces disruption and other negative social impacts for customers.

Performance commitment definition and parameters

Unique Reference	PR19HDD_E1
Detailed definition of performance measure	<p>The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on the 27th March 2018 https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf.</p> <p>The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p> <p>Companies might also want to present their performance commitments in absolute numbers to make it easier for customers and stakeholders to understand.</p> <p>The definitive service levels are those expressed as the values normalised per 10,000 sewer connections.</p>
Additional detail on measurement units	<p>Internal flooding: is defined as flooding which enters a building or passes below a suspended floor.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer</p>

Unique Reference	PR19HDD_E1
	<p>including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p> <p>The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	<p>This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections.</p> <p>Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of incidents per 10,000 sewer connections 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% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	1.68	1.63	1.58	1.44	1.34
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		3.35	3.35	3.35	3.35	3.35
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		1.17	1.13	1.10	1.00	0.93
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.066
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.055
Outperformance payment - enhanced	NA

1.1.10 Pollution incidents

Purpose: This performance commitment is designed to incentivise companies to reduce the number of pollution incidents that impact the environment.

Benefits: Delivery of this performance commitment will improve the quality of the environment by reducing the number of pollution incidents that occur.

Performance commitment definition and parameters

Unique Reference	PR19HDD_E2
Detailed definition of performance measure	<p>Pollution Incidents is defined in the following guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf</p> <p>The total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar</p>
Additional detail on measurement units	As defined in the reporting guidance
Specific exclusions	Are as defined in the reporting guidance
Reporting and assurance	<p>This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer.</p> <p>Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus

Unique Reference	PR19HDD_E2
Frequency of reporting	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.
Any other relevant information	NA
Links to relevant external documents	<p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf</p> <p>Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency</p>

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	138.00	137.00	117.00	117.00	97.00
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.002
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.11 Risk of sewer flooding in a storm

Purpose: This performance commitment is designed to incentivise companies to better understand flood risk in their region and utilise this knowledge to develop long term strategies and so over the long term reduce the risk of sewer flooding.

Benefits: Reduction of flood risk during storm events protects customers and the environment from the disruption and costs associated with flood events. Reduced cost of flood resilience for customers through a better understanding of flood risks and appropriate interventions.

Performance commitment definition and parameters

Unique Reference	PR19HDD_E4
Detailed definition of performance measure	<p>Risk of sewer flooding in a storm is defined within the guidance titled, Reporting guidance – Risk of sewer flooding in a storm, published on 4th April 2019: https://www.ofwat.gov.uk/wp-content/uploads/2019/04/Reporting-guidance-Risk-of-sewer-flooding-in-a-storm_final_290319.pdf</p> <p>This measure will record the percentage of the region's population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions</p>
Additional detail on measurement units	See guidance document for full details of the calculation and measurements units.
Specific exclusions	As defined in the guidance.
Reporting and assurance	As defined in the guidance.
Measurement unit and decimal places	Percentage of population at risk, reported to two decimal places.
Measurement timing	Reporting year

Unique Reference	PR19HDD_E4
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	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	6.64	6.64	6.64	6.64	6.64
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.1.12 Sewer collapses

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

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

Performance commitment definition and parameters

Unique Reference	PR19HDD_E5
Detailed definition of performance measure	<p>Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on the 4th April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/</p> <p>Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment</p>
Additional detail on measurement units	<p>Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p>
Specific exclusions	As defined in the guidance.
Reporting and assurance	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
Measurement unit and decimal places	Number of collapses per 1000km of sewer network, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19HDD_E5
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	5.37	5.37	5.37	5.37	5.37
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.002
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.13 Treatment works compliance

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 wastewater 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 wastewater assets is maintained and improved for the benefit of current and future generations.

Performance commitment definition and parameters

Unique Reference	PR19HDD_C4
Detailed definition of performance measure	<p>Treatment works compliance is defined in the reporting guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf</p> <p>The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.</p>
Additional detail on measurement units	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance.
Specific exclusions	None
Reporting and assurance	No specific requirements.

Unique Reference	PR19HDD_C4
Measurement unit and decimal places	Percentage compliance, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	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.
Any other relevant information	Performance against this performance commitment is also published annually in Environment Agency water and sewerage companies' annual report.
Links to relevant external documents	See Environment Agency website for annual reports

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	%	NA	100.00	100.00	100.00	100.00	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		97.90	97.90	97.90	97.90	97.90
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.009
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.14 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	PR19HDD_G1
<p>Detailed definition of performance measure</p>	<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"> 1. is one of the top three performers by C-MeX score; 2. has lower than the industry average number of complaints (per 10,000 connections); and 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.
<p>Additional detail on measurement units</p>	<p>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 many standard deviations (SD) the company's score is from the industry average C-MeX score, determined as:</p> <p>SD score = (company C-MeX – C-MeX mean) / C-MeX SD</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>C-MeX score = (40% CS CSAT) + (40% CE CSAT) + (20% combined CS and CE NPS)</p> <p>CSAT and NPS scores are normalised to a scale of 0 to 100.</p>

Unique Reference	PR19HDD_G1
	<p>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>C-MeX ASUQ = C-MeX Mean + (UKCSI ASUQ - UKCSI Mean) / UKCSI SD * C-MeX SD</p> <p>where:</p> <ul style="list-style-type: none"> • 'C-MeX Mean' is the mean average of all water companies' C-MeX scores, • '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), • 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year, • 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year, and • 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies.
Specific exclusions	As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'
Reporting and assurance	Reporting and assurance should be in the form and manner set out in the guidance ¹
Measurement unit and decimal places	Score out of 100, to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational and revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	In-period

¹ 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.

Unique Reference	PR19HDD_G1
and outperformance payments	
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	The company's C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in 'Hafren Dyfrdwy draft determination' and the 'Hafren Dyfrdwy - Allowed revenue appendix').
Links to relevant external documents	PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'

Incentive rates

Incentive type	Incentive rate (% of annual allowed residential retail revenue)
Underperformance payment – enhanced rate (Applies if SD score below -1)	-12%
Underperformance payment – standard rate (Applies if SD score is between -0.25 and -1)	6% x SD score ²
Deadband (Applies if SD score is above -0.25 and below 0.25)	0%
Outperformance payment – standard rate (Applies if SD score is between 0.25 and 1)	3% x SD score
Outperformance payment – enhanced rate (Applies if SD score is above 1)	6%
Outperformance payment – higher rate (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>

² 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%.

1.1.15 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	PR19HDD_G2
<p>Detailed definition of performance measure</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"> • qualitative D-MeX score, based on scores from a customer satisfaction survey based on transactions; and • quantitative D-MeX score, based on the company's performance against a set of Water UK performance metrics. <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score are³:</p> <ul style="list-style-type: none"> W1.1 Pre-development enquiry – reports issued W2.1 s45 applications – written acknowledgment W3.1 s45 quotations W4.1 s45 service pipe connections W5.1 Mains design – written acknowledgment W6.1 Mains design <500 plots - quotations W7.1 Mains design >500 plots - quotations W8.1 Mains construction W16.1 Mains diversions – written acknowledgement W17.1 Mains diversions (without constraints) - quotations W17.2 Mains diversions (with constraints) - quotations W18.1 Mains diversions - construction/commissioning W19.1 Self-lay point of connection applications – written acknowledgement W20.1 Self-lay Point of Connection report < 500 plots etc. - reports issued

³ 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	PR19HDD_G2
	<p>W21.1 Self-lay Point of Connection reports >500 plots etc. - reports issued</p> <p>W22.1 Self-lay design approval and terms request – written acknowledgement</p> <p>W23.1 Self-lay design and terms request <500 plots etc. - quotations</p> <p>W24.1 Self-lay design and terms request >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 & diversions - acknowledgements</p> <p>S6.1 Technical vetting of adoptions & 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>Additional detail on measurement units</p>	<p>The company's D-MeX score is calculated using the following formula:</p> <p>D-MeX score = (50% Qual) + (50% Quant)</p> <p>Where:</p> <ul style="list-style-type: none"> • 'Qual' is a combination of the overall satisfaction score given by developer customers surveyed in the customer satisfaction survey; and • 'Quant' is a combination of Water UK performance metrics which have non-zero volumes.
<p>Specific exclusions</p>	<p>As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'</p>

Unique Reference	PR19HDD_G2
Reporting and assurance	Reporting and assurance should be in the form and manner set out in the guidance ⁴
Measurement unit and decimal places	Score out of 100, to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational and revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% business retail
Frequency of reporting	Annual
Any other relevant information	The company's D-MeX payments are calculated by multiplying its incentive rate by its annual developer services revenue.
Links to relevant external documents	PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'

⁴ 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.

Incentive rates

Incentive type	Incentive rate (% of annual developer services revenue)
Underperformance payment – enhanced rate (Applies if D-MeX score is equal/above the 3rd quartile of all D-MeX scores across all companies)	-12%
Underperformance payment – standard rate (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%
Deadband (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%
Outperformance payment – standard rate (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 Number of complaints about drinking water quality

Purpose: To reduce water quality contacts relating to appearance, taste and odour.

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

Performance commitment definition and parameters

Unique Reference	PR19HDD_A2
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the taste and smell of drinking water, or due to drinking water not being clear, reported in absolute numbers.
Additional detail on measurement units	The consumer contact classification guidance is published by the Drinking Water Inspectorate (DWI) as Information Letter 1/2006, 6 January 2006: http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance will be included in this measure.

Unique Reference	PR19HDD_A2
Specific exclusions	See DWI guidance for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance, taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts reported to zero decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water resources 50% water network plus
Frequency of reporting	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.
Any other relevant information	NA
Links to relevant external documents	The Discover Water website link for appearance is at https://discoverwater.co.uk/colour and for taste and odour: https://discoverwater.co.uk/taste

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	432	375	317	317	317
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		864	864	864	864	864
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		389	338	285	285	285
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000679
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000566
Outperformance payment - enhanced	NA

1.2.2 Number of lead pipes replaced

Purpose: This performance commitment is designed to measure the number of lead pipes that the company replaces in order to reduce the levels of lead in tap water.

Benefits: This performance commitment protects public health by encouraging the company to reduce the number of lead service pipes, reducing the amount of lead in drinking water.

Performance commitment definition and parameters

Unique Reference	PR19HDD_A3
<p>Detailed definition of performance measure</p>	<p>This performance commitment measures number of lead pipes replaced by the company.</p> <p>The goal of replacing these lead pipes is to reduce the amount of lead in water from the current standard of 10 µg/L to 5 µg/L. Lead reduction can only be maximised by changing both communication and supply pipes.</p> <p>The company owned communication pipe and customer owned supply pipe are not counted separately. Both pipes need to be replaced to count towards this measure.</p> <p>Only in the case where the company can demonstrate that customers have refused to have their supply pipes changed can the replacement of a communication pipe alone at a property count towards this measure.</p> <p>If either the communication or supply pipe is a shared pipe serving several houses then the number counted will be based on the number of properties protected, as this is the overall aim.</p> <p>This measure will include lead pipes replaced;</p> <ul style="list-style-type: none"> • as a result of a failure in a regulatory sample of greater than 5µg/l; • as a result of a customer request under Regulation 30(4)(b) of the Water Supply (Water Quality) Regulations 2000; and • where the presence of lead is detected in a non-regulatory sample as part of our targeted proactive survey in a 'hot spot area' or school or nursery.
<p>Additional detail on measurement units</p>	<p>Pipes replaced will be captured through the company SAP system and categorised using a grid reference system to ensure that it only reports pipes that are located in its supply area.</p>

Unique Reference	PR19HDD_A3
Specific exclusions	This measure excludes pipes inside the customers' properties. It also does not include any lead communication or supply pipe replaced opportunistically as part of leakage or mains renewal activity.
Reporting and assurance	The company will provide assurance around instances where a customer has refused an offer to have their lead supply pipe replaced. This performance commitment is the customer protection for the 'Reducing Lead in Wales' cost assessment claim. Customers and stakeholders co-created this measure. In addition to the pipe replacement costs, there are wider costs allowed for strategies towards surveys, customer advice and communications. The company will set its own internal targets to monitor and report against the effectiveness of its work in these areas. The company will, at least once during the five year period, produce a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence.
Measurement unit and decimal places	Number of lead communication and supply pipes replaced annually, reported to zero decimal places.
Measurement timing	Calendar 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, 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.
Any other relevant information	NA
Links to relevant external documents	World Health Organisation lead fact sheet: http://www.who.int/mediacentre/factsheets/fs379/en/ Water Supply (Water Quality) Regulations 2016 http://www.legislation.gov.uk/uksi/2016/614/regulation/30/made

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	50	75	35	35	35
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		200	300	140	140	140
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.001
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.001
Outperformance payment - enhanced	NA

1.2.3 Properties at risk of receiving low pressure

Purpose: This performance commitment is designed to incentivise 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	PR19HDD_B7
Detailed definition of performance measure	<p>The number of properties receiving or at risk of receiving pressure below the low pressure reference level.</p> <p>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.</p> <p>The low pressure reference level is defined in the reporting guidance published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf.</p>
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 to zero 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

Unique Reference	PR19HDD_B7
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	41	39	37	34	32
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00313
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.4 Length of river water quality improved

Purpose: This performance commitment incentivises the company to improve river water quality to meet the requirements of the Water Framework Directive (WFD).

Benefits: This performance commitment delivers improved river water quality benefits through improving the health and aesthetics of rivers. This will benefit the environment and users of the river enjoying recreational and other activities.

Performance commitment definition and parameters

Unique Reference	PR19HDD_C1																			
<p>Detailed definition of performance measure</p>	<p>The number of kilometres of river benefiting from quality improvement work undertaken by the company to meet Water Framework Directive (WFD) objectives, in the reporting year.</p> <p>This performance commitment includes projects that deliver a fair share contribution towards an overall waterbody classification improvement under the WFD, the length of river is defined as the published overall length of the waterbody improved. A fair share means that the company will target to remove pollutants in proportion to its activities on the river environment.</p> <p>For improvements due to company actions that address a WFD failure at a specific river quality sampling point within a waterbody that, overall, complies with the relevant Environmental Quality Standard (EQS), the river length improved is defined as the length of river between the sewage works discharge point and the first compliant downstream river sampling point.</p> <p>For the purposes of this performance commitment, performance commitment levels are based on the following four schemes and any additional schemes completed by the company as agreed by Natural Resources Wales:</p> <table border="1" data-bbox="576 1585 1396 1939"> <thead> <tr> <th data-bbox="576 1585 778 1682">ID</th> <th data-bbox="778 1585 1027 1682">Scheme</th> <th data-bbox="1027 1585 1209 1682">Driver</th> <th data-bbox="1209 1585 1396 1682">Km of river improved</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 1682 778 1771">7CST0107</td> <td data-bbox="778 1682 1027 1771">Church Stoke (STW)</td> <td data-bbox="1027 1682 1209 1771">W_WFD_PG_IMP</td> <td data-bbox="1209 1682 1396 1771">19.3</td> </tr> <tr> <td data-bbox="576 1771 778 1861">7CST0111</td> <td data-bbox="778 1771 1027 1861">Guilsfield STW</td> <td data-bbox="1027 1771 1209 1861">W_WFD_PG_IMP</td> <td data-bbox="1209 1771 1396 1861">7.8</td> </tr> <tr> <td data-bbox="576 1861 778 1939">7CST0123</td> <td data-bbox="778 1861 1027 1939">Montgomery (STW)</td> <td data-bbox="1027 1861 1209 1939">W_WFD_PG_IMP</td> <td data-bbox="1209 1861 1396 1939">4.4</td> </tr> </tbody> </table>				ID	Scheme	Driver	Km of river improved	7CST0107	Church Stoke (STW)	W_WFD_PG_IMP	19.3	7CST0111	Guilsfield STW	W_WFD_PG_IMP	7.8	7CST0123	Montgomery (STW)	W_WFD_PG_IMP	4.4
ID	Scheme	Driver	Km of river improved																	
7CST0107	Church Stoke (STW)	W_WFD_PG_IMP	19.3																	
7CST0111	Guilsfield STW	W_WFD_PG_IMP	7.8																	
7CST0123	Montgomery (STW)	W_WFD_PG_IMP	4.4																	

Unique Reference	PR19HDD_C1			
	7CST0126	Newtown (Dolfor Lock) STW	W_WFD_ PG_IMP	14.5
Additional detail on measurement units	<p>Schemes are considered completed when a revised permit to discharge (encompassing such new conditions as are pertinent to the agreed improvement) by Natural Resources Wales (NRW). Where more than one project contributes to the river quality improvement objective, outcome delivery shall will be based upon issuing of the last permit revision relevant to the improvement.</p> <p>The length of river benefiting from an improvement will be measured on a per parameter basis. Where a sewage works improvement covers more than one discharge parameter, each improvement is measured individually, according to the rules set out above.</p> <p>River quality improvements to meet WFD objectives are assessed on a fair share load removal basis. To count as an improvement, the company shall deliver a load reduction sufficient to meet its fair share contribution to the overall load reduction needed to deliver a change in WFD classification for the parameter being improved. Fair share load removal requirements will be jointly agreed with NRW because they will be the basis upon which revised discharge permit conditions will be calculated. For the purposes of reporting against this performance commitment, the original fair share load calculations will be used.</p>			
Specific exclusions	<p>This performance commitment excludes any schemes that were confirmed on 1 April 2019 and designated “green”.</p> <p>The length of river counted will not include any downstream waterbodies, except where upstream improvements also deliver a fair share contribution towards an overall WFD improvement in the downstream waterbody. Where this is the case, confirmation of a fair share contribution must be agreed with NRW.</p> <p>River quality improvements in Wales arising from improvement works paid for in full by Severn Trent Water (for the purposes of improving downstream rivers in England) shall not count towards this performance commitment.</p> <p>Any lengths of river in England that benefit from improvements paid for in full by the company shall count towards this performance commitment. The NRW NEP3 includes improvements to the River Camlad, a cross border waterbody treated as being in Wales for WFD regulatory purposes.</p> <p>Due to ongoing uncertainty around possible new nutrient sensitive area designations under the Urban Wastewater</p>			

Unique Reference	PR19HDD_C1
	<p>Treatment Directive (UWWTD) in Wales – lengths of river improved under UWWTD are specifically excluded from the performance commitment, except where such an improvement also meets the WFD improvement criteria outlined above.</p> <p>NRW issue both the discharge permit and final sign off. Typically NRW issue the permits and then there is a small time lag before formal sign-off. Completion is counted once the discharge permit has been issued.</p>
Reporting and assurance	The company will ask NRW to confirm that performance has been correctly reported. The view of NRW will be definitive.
Measurement unit and decimal places	Kilometres (km) to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	The company has two NEP documents, one relating to the former Dee Valley area (called SvT DvW NEP3 WR) and another relating to the former Severn Trent Area covering Powys, which has both waste and clean water obligations in it (called SvTW NEP 3 WQ). This is because the final NEPs were issued by NRW on March 29 th 2018, prior to the licence change. NRW were therefore not in a position to combine them into one document.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	km	NA	0.0	0.0	0.0	46.0	0.0
Enhanced underperformance collar	km		NA	NA	NA	NA	NA
Standard underperformance collar	km		NA	NA	NA	NA	NA
Underperformance deadband	km		NA	NA	NA	NA	NA
Outperformance deadband	km		NA	NA	NA	NA	NA
Standard outperformance cap	km		NA	NA	NA	NA	NA
Enhanced outperformance cap	km		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0196
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0196
Outperformance payment - enhanced	NA

1.2.5 Hectares managed for biodiversity

Purpose: This performance commitment measures the area of land where the company will maintain or enhance biodiversity through catchment management approaches.

Benefits: This performance commitment will help the company increase levels of biodiversity and enhance the natural environment. Effective catchment management also helps prevent raw water quality deterioration.

Performance commitment definition and parameters

Unique Reference	PR19HDD_C2
<p>Detailed definition of performance measure</p>	<p>The hectares of land managed for biodiversity, or the hectares impacted by any catchment interventions where the company's action has:</p> <ul style="list-style-type: none"> • maintained or enhanced SSSI (Site of Special Scientific Interest) status; • extended the presence of a priority species (Environment Act); • extended a semi-natural habitat; or • built/maintained a high wildlife value structure on third party land (that also improves raw water quality or resilience). <p>Specifically, this performance commitment measures the number of hectares of land each year:</p> <ol style="list-style-type: none"> 1. That the company owns and are under an implemented biodiversity action plan (i.e. following an ecological survey the company has agreed an action plan to improve biodiversity and implemented identified improvements). The plan must be approved by a registered environmental body (such as Natural Resources Wales, or Wildlife Trust); and 2. That, under a company-funded grant scheme, are supporting biodiversity on land that is not owned by the company but which it can influence. <p>The company will work with expert stakeholders, including Wildlife Trusts and Natural Resources Wales, to develop the detailed criteria that is used to define the biodiversity enhancements. The decision on the final criteria will be taken by Natural Resources Wales. Assessment by National Resources Wales or Wildlife Trust after implementation of the agreed activity will confirm the number of hectares. The company can fund a third party to assess this on behalf of a Wildlife Trust.</p>

Unique Reference	PR19HDD_C2
Additional detail on measurement units	<p>The performance commitment covers the following categories of land and actions:</p> <ul style="list-style-type: none"> • Land owned by the company that is a Site of Special Scientific Interest (SSSI) where the company's action contributes to the SSSI moving toward favourable status. • Other land owned by the company where action is taken to improve the habitat such that Section 7 priority species have an opportunity to thrive and multiply. This could be changes to land management practices. This element will be underpinned by site biodiversity action plans and the measures implemented subject to independent expert corroboration by bodies such as Local Wildlife Trusts. • Delivering all biodiversity related National Environment Programme (NEP) obligations, including removal of invasive non-native species, in partnership with third sector groups such as Wildlife and Rivers Trusts. • Changes to land management practices on land that the company does not own, delivered through partnership working with the agricultural community. This will be limited to a predefined set of qualifying measures that will be agreed with Natural Resources Wales. Validation that the agreed interventions funded by the company have been implemented will be through its catchment team inspections.
Specific exclusions	There are biodiversity enhancements (e.g. as part of the Eels (England and Wales) Regulations 2009) relating to other price controls which are not counted in this measure.
Reporting and assurance	The company will ask NRW to confirm that performance has been correctly reported. The view of NRW will be definitive.
Measurement unit and decimal places	Hectares 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	50% water resources 50% wastewater network plus

Unique Reference	PR19HDD_C2
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	Eels (England and Wales) Regulations 2009 http://www.legislation.gov.uk/uksi/2009/3344/contents/made

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Hectares	NA	100.00	150.00	150.00	30.00	20.00
Enhanced underperformance collar	Hectares		NA	NA	NA	NA	NA
Standard underperformance collar	Hectares		60.00	90.00	90.00	18.00	12.00
Underperformance deadband	Hectares		NA	NA	NA	NA	NA
Outperformance deadband	Hectares		NA	NA	NA	NA	NA
Standard outperformance cap	Hectares		150.00	225.00	225.00	45.00	30.00
Enhanced outperformance cap	Hectares		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000833
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000833
Outperformance payment - enhanced	NA

1.2.6 Satisfactory sludge disposal

Purpose: The purpose of this performance commitment is to ensure that the company is operating in compliance with its obligations regarding sludge use and disposal.

Benefits: This performance commitment protects the environment by ensuring that biosolids recycled to agricultural land are compliant with guidelines. Biosolids applied to agricultural land provide nutrient and soil structure benefits.

Performance commitment definition and parameters

Unique Reference	PR19HDD_C3
Detailed definition of performance measure	<p>The overall percentage of company sludge satisfactorily used or disposed of in compliance with the Environment Agency's Environmental Performance Assessment (EPA) definition, which includes compliance with environmental laws, including:</p> <ul style="list-style-type: none"> • the Sludge (Use in Agriculture) Regulations; • Environmental Permitting (England and Wales) Regulations 2010; and • Water company voluntary compliance with the Safe Sludge Matrix. <p>The measure will continue to comply with any revisions to the Environment Agency EPA definition for each year, and performance will be assessed in accordance to the Environment Agency's assessment of performance.</p>
Additional detail on measurement units	<p>Reporting is on the basis of tonnes dry solids (tds) disposed to agricultural land in a compliant manner as a percent of total raw tds production.</p> $\% \text{ compliant satisfactory disposal/use} = 1 - \left(\frac{\text{unsatisfactory use or disposal}}{\text{total raw tDS production}} \right) \times 100$ <p>The measurement includes all sludge that the company produces in its wastewater treatment process. It also includes all sludge traded; both imports and exports.</p> <p>The company will ensure that:</p> <ul style="list-style-type: none"> • sludge imported from third parties meets the same disposal standards as sludge it produces and disposes of; and

Unique Reference	PR19HDD_C3
	<ul style="list-style-type: none"> • sludge exported to third parties in England will be contractually assured to meet the company's own internal standards, and the Environment Agency's EPA requirements before being exported.
Specific exclusions	<p>Exemptions are in line with the EPA definition, and will change in line with the EPA if these change in the future. In the most recent version of the EPA (v3) the following exemptions are included:</p> <ul style="list-style-type: none"> • solids added during the sludge treatment process (e.g. lime added during the treatment process); • grit and screenings and water treatment sludge; and • treatment related breaches that do not result in non-compliant sludges or residual products going to any outlets. <p>Incineration is considered an 'outlet' for these purposes rather than a treatment.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage, to two decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% Bioresources
Frequency of reporting	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.
Any other relevant information	NA
Links to relevant external documents	Latest EPA methodology at time of publication (v3 November 2017)

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	100.00	100.00	100.00	100.00	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000907
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.7 Inspiring our customers to use water wisely

Purpose: To encourage more customers to pledge to use water wisely, use the wastewater service appropriately and drink tap water to avoid plastic bottles.

Benefits: Customers that deliver on pledges will use water more wisely, understand the impact that they may have on the sewer system and reduce the use of plastic bottles. This will lead to reduced water demand, reduced sewer blockages and environmental benefits.

Performance commitment definition and parameters

Unique Reference	PR19HDD_D1
Detailed definition of performance measure	<p>The number of customers who pledge to change their water use behaviour based on the company's education programme. This performance commitment will report the number of engaged customers who agree to make a behavioural change and follow at least one of the following three target behaviours:</p> <ul style="list-style-type: none"> • Using water wisely (not wasting water); • Knowing what not to put down the toilet and sink; and • Choosing tap water for a healthy you and a healthy environment (reducing plastics). <p>For a customer's behavioural change commitment to count towards this measure, the customer must have participated in a face-to-face engagement session of at least 30 minutes' duration provided by the company. The company will invite its customers to agree to behavioural change commitments following this engagement and it will record the number of customers that agree to do this.</p>
Additional detail on measurement units	<p>If a customer agrees to change their behaviour in relation to more than one target behaviour during a single interaction, then the company will count this as a single commitment for the purposes of this measure. However, if a customer agrees to make separate commitments for different behaviours during multiple separate interactions, then the company will be able to count these as separate behaviour change commitments. If a customer pledges to change their behaviour in relation to the same target behaviour more than once only the first pledge will count towards the measure.</p>
Specific exclusions	None
Reporting and assurance	The company will, at least once during the five year period, publish a report to assess the benefits resulting from the

Unique Reference	PR19HDD_D1
	performance commitment, as far as possible based on primary evidence. This will include the relative success of different activity types and approaches. The company should also consider ways to share learning with other companies and wider stakeholders.
Measurement unit and decimal places	Number of customers agreeing to change one or more of the three target behaviours 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	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	797	797	797	797	797
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	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

1.2.8 Sewer blockages

Purpose: The purpose of this performance commitment is to incentivise the company to reduce the number of sewer blockages, which is a significant contributing factor to sewer flooding.

Benefits: This performance commitment will help reduce of the number of sewer flooding incidents and improve customer service.

Performance commitment definition and parameters

Unique Reference	PR19HDD_E3
Detailed definition of performance measure	The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) reported on a reporting year basis. A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour. The full definition can be found here: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Sewer-blockages.pdf
Additional detail on measurement units	None
Specific exclusions	The company will not include proactively cleaned silt or other blockages that are removed which are not reported to it by customers or stakeholders and have no customer impact. The company will include blockages that are as a result of third party interference.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of blockages 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% wastewater network plus
Frequency of reporting	Annual

Unique Reference	PR19HDD_E3
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	283	273	264	254	244
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		265	265	265	265	265
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.002922
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000014
Outperformance payment - enhanced	NA

1.2.9 Reduction in the number of void supply points

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

Benefits: Reducing the number of household and non-household void properties, 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	PR19HDD_F1
Detailed definition of performance measure	The number of household and non-household properties classified as void as a percentage of the total number of household and non-household properties served by the company. 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.
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 requirement
Measurement unit and decimal places	Percentage of household and non-household properties classed as void, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Outperformance and underperformance payments
Incentive type	Revenue
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% Residential retail

Unique Reference	PR19HDD_F1
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
Performance commitment level	%	NA	5.94	5.58	5.22	4.86	4.50
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.146
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.079
Outperformance payment - enhanced	NA

1.2.10 Non-household customer experience

Purpose: This performance commitment measures the satisfaction of non-household customers who are supplied by the company.

Benefits: This performance commitment will ensure that the satisfaction of non-household customers with the services provided by the company is measured and tracked so that non-household customers in Wales, most of whom cannot choose their retailer are protected from poor customer service.

Performance commitment definition and parameters

Unique Reference	PR19HDD_G3
<p>Detailed definition of performance measure</p>	<p>The average response of non-household customers asked the question "How satisfied are you with the way that Hafren Dyfrdwy handle your account?" They will be given a range of 1=very satisfied and 5 = very dissatisfied scoring options.</p> <p>This performance commitment measures the satisfaction of non-household customers, using a tracker survey approach, who are supplied by the company. The survey will be carried out by a suitably qualified external third party.</p> <p>Non-household customers will be contacted by telephone and within a series of questions, they will be asked about their satisfaction.</p> <p>The sample will include customers selected at random, including customers who have had reason to contact the company (in relation to either a query or complaint) and those with unresolved issues.</p> <p>The company is working with CCWater to identify an appropriate sample size to get a statistically representative result whilst acknowledging the small non-household customer numbers. The company should publish the survey structure and format, including sample size, before the 2020-25 period commences once it is agreed with CCWater.</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>

Unique Reference	PR19HDD_G3
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
Additional detail on measurement units	The overall score will be the average score given by all non-household customers contacted throughout the year.
Specific exclusions	This performance commitment includes only non-household customers; household customers are excluded.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	The numeric average satisfaction score to one decimal place.
Measurement timing	Reporting year
Incentive form	Outperformance and underperformance payments
Incentive type	Revenue
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% business retail
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	4.5	4.5	4.5	4.5	4.5
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		4.0	4.0	4.0	4.0	4.0
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		4.7	4.7	4.7	4.7	4.7
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.059
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.059
Outperformance payment - enhanced	NA

1.2.11 Welsh language services

Purpose: This performance commitment measures the company's percentage compliance with its Welsh language scheme.

Benefits: This performance commitment will help improve the experience of the company's Welsh speaking customers by improving the company's compliance with its Welsh language scheme.

Performance commitment definition and parameters

Unique Reference	PR19HDD_G4																					
Detailed definition of performance measure	<p>Percentage of the commitments made in the company's Welsh language scheme, with which it can demonstrate compliance.</p> <p>The commitments measured by this performance commitment are those that are confirmed by the Welsh language commissioner before 31 March 2020.</p> <p>The % compliance calculation will be based on the following calculation to ensure that each audit section is equally weighted (and not weighted by the number of questions within the section). Each section carries 10 points (60 points in total = 100% compliance):</p> <table border="1"> <thead> <tr> <th>Audit section</th> <th>Number of questions</th> <th>Section score calculation</th> </tr> </thead> <tbody> <tr> <td>1.1</td> <td>9</td> <td>Each yes answer is worth 1.1 points (10/9)</td> </tr> <tr> <td>1.2</td> <td>4</td> <td>Each yes answer is worth 2.5 points (10/4)</td> </tr> <tr> <td>1.3</td> <td>3</td> <td>Each answer is worth 3.3 points (10/3)</td> </tr> <tr> <td>1.4</td> <td>3</td> <td>Each answer is worth 3.3 points (10/3)</td> </tr> <tr> <td>1.5</td> <td>4</td> <td>Each yes answer is worth 2.5 points (10/4)</td> </tr> <tr> <td>1.6</td> <td>9</td> <td>Each yes answer is worth 1.1 points (10/9)</td> </tr> </tbody> </table>	Audit section	Number of questions	Section score calculation	1.1	9	Each yes answer is worth 1.1 points (10/9)	1.2	4	Each yes answer is worth 2.5 points (10/4)	1.3	3	Each answer is worth 3.3 points (10/3)	1.4	3	Each answer is worth 3.3 points (10/3)	1.5	4	Each yes answer is worth 2.5 points (10/4)	1.6	9	Each yes answer is worth 1.1 points (10/9)
Audit section	Number of questions	Section score calculation																				
1.1	9	Each yes answer is worth 1.1 points (10/9)																				
1.2	4	Each yes answer is worth 2.5 points (10/4)																				
1.3	3	Each answer is worth 3.3 points (10/3)																				
1.4	3	Each answer is worth 3.3 points (10/3)																				
1.5	4	Each yes answer is worth 2.5 points (10/4)																				
1.6	9	Each yes answer is worth 1.1 points (10/9)																				
Additional detail on measurement units	None																					
Specific exclusions	<p>Any additional requirements that may be required as a result of future changes in the Welsh language standards will be excluded from this assessment.</p> <p>Social media is not included in the list of functions / activities / areas audited as it does not fall within the scope of the Welsh Language Act.</p>																					

Unique Reference	PR19HDD_G4
Reporting and assurance	In addition to the business as usual assurance process, the company will obtain independent assurance by the Welsh Language Commissioner, or another suitable independent organisation no later than 2022-23. This will be used to both assure the assessment methodology and allow sufficient time to respond to any learning or improvements they identify.
Measurement unit and decimal places	Percentage of commitments to one decimal place.
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	<p>The company is considering how it can report its contribution towards the Well-being of Future Generations (Wales) Act national indicators. The two relevant national indicators are:</p> <ul style="list-style-type: none"> • percentage of people who speak daily and can speak more than just a few words of Welsh; and • percentage of people who can speak Welsh.
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
Performance commitment level	%	NA	100.0	100.0	100.0	100.0	100.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.12 Help to pay when you need it

Purpose: The purpose of this performance commitment is to incentivise the company to increase the number of customers, who are struggling to pay their water bill, that receive financial support through one of the company's support tariffs.

Benefits: The benefit of this performance commitment is an increase in the number of customers receiving appropriate financial support which in turn could make these customers' bills more affordable.

Performance commitment definition and parameters

Unique Reference	PR19HDD_H2
<p>Detailed definition of performance measure</p>	<p>The percentage of those customers who find their bills unaffordable, including those who sometimes struggle to pay, who are supported through any help to pay scheme.</p> <p>The current support schemes offered by the company include;</p> <ul style="list-style-type: none"> • Social tariff • Watersure • Water health Checks • Matching Plus • Payment Plan Concession • Payment Breaks <p>Additional supports schemes can be included if approved by CCWater.</p> <p>The number of customers supported by schemes will be divided by the number of customers who find their bills unaffordable, including those who sometimes struggle to pay, which is for the purposes of this performance commitment assumed to be 18% of household customers each year.</p> <p>18% is based on company research which evidences that in addition to those who always struggle to pay their bills, a significant number of customers sometimes struggle to pay their bills.</p>
<p>Additional detail on measurement units</p>	<p>The number of customers supported by schemes will be calculated as follows:</p>

Unique Reference	PR19HDD_H2
	<ul style="list-style-type: none"> • The number of customers on Social tariff and Watersure tariff will be taken as the number of customers on either scheme as at 31 March of the relevant year. • The number of customers supported through Water Health Checks, Payment Matching, Payment Plan Concession and Payment Breaks will be taken as the total number of customers helped, at any point, within the reporting financial year (i.e. 1 April – 31 March).
Specific exclusions	NA
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers 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	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	70	71	72	72	73
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.13 Effectiveness of affordability support

Purpose: This performance commitment measures and monitors the success of the company's social tariff scheme 'Here2Help'.

Benefits: This performance commitment increases the quality and effectiveness of support given to customers on social tariffs by measuring and tracking how many of these customers stay out of debt following scheme completion.

Performance commitment definition and parameters

Unique Reference	PR19HDD_H3
<p>Detailed definition of performance measure</p>	<p>The percentage of customers that are supported through the company's Social Tariff ('Here2Help') who continue to pay their bill 12 months after the scheme has been completed.</p> <p>The number of customers being considered will take account of the following.</p> <ul style="list-style-type: none"> • It will include all customers on the social tariff scheme 'Here2Help'. • The company will identify all the customers where 12 months has elapsed since the scheme end date. • The company will not include customers who did not complete their scheme due to non-payment. <p>To calculate the number of those customers who are continuing to pay 12 months after the scheme has completed the following must be taken into account.</p> <ul style="list-style-type: none"> • All payments in the 12 month period following the scheme end date will be reviewed. Customers who continue to pay their bills are those customers who are paying their agreed bill at the agreed frequency. • The 12 month period is based on 12 complete consecutive months. It will therefore be specific to each customer. <p>The total number of customers who are continuing to pay their bill in the report year is divided by the total number of customers who have completed schemes in the previous report year, multiplied by 100.</p>
<p>Additional detail on measurement units</p>	<p>None</p>
<p>Specific exclusions</p>	<p>Customers on the Watersure scheme are not included in this performance commitment since a large proportion of customers that benefit from this scheme are on it for</p>

Unique Reference	PR19HDD_H3
	<p>medical reasons, the majority of which would be a lifetime illness.</p> <p>If a customer moves out of the area or ceases to have an account with the company, they will be removed from the calculation.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers to one decimal place
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
Performance commitment level	%	NA	30.0	35.0	40.0	45.0	50.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.14 Supporting our priority service customers during an incident

Purpose: This performance commitment will measure the percentage of the company's vulnerable customers that receive support during clean water incidents.

Benefits: This performance commitment will ensure that all the company's vulnerable customers will receive the support they need during incidents.

Performance commitment definition and parameters

Unique Reference	PR19HDD_H4
<p>Detailed definition of performance measure</p>	<p>The percentage of customers registered on the company's Priority Service Register (PSR) and who receive support from it during a clean water incident. A clean water incident can be either a water supply failure or water quality failure.</p> <p>A supply failure is defined as any interruption that is included as part of the calculation of the common performance commitment 'water supply interruptions'.</p> <p>A water quality incident is defined as a failure of health based parameters, for example the detection of cryptosporidium at works, or any other contamination from operations from the distribution network. This excludes events of aesthetic failures (discolouration) or low pressure. The company's response should be as quick as practicable and not more than three hours.</p> <p>The number of PSR customers impacted by an incident will be calculated as those living in the area impacted by the incident. This is the final area that the company concludes were impacted by the incident taking all evidence into account.</p> <p>The number of PSR customers supported during incidents is divided by the total number of customers on the PSR which were affected by incident, multiplied by 100. Numbers will be recorded after each incident, but the calculation will be made for the reporting year.</p> <p>The targeted support which the company will provide to PSR customers during an incident is outlined below. The company will:</p> <ul style="list-style-type: none"> • call customers registered under the dialysis need code in the event of a water supply incident; • deliver bottled water to customers who require it as a result of their circumstances;

Unique Reference	PR19HDD_H4
	<ul style="list-style-type: none"> • communicate proactively via text message or recorded landline message to vulnerable customers affected by the incident; • communicate proactively via text message or recorded landline message to a customer's nominee if the vulnerable customer is in an incident affected area; and • Any other support customers require as a result of a specific incident. <p>To be able to effectively carry out the above, the company will need to develop priority contact channels to enable customers in vulnerable circumstances (including those with transient needs) to identify themselves to the company during an incident</p> <p>All relevant actions must be completed for each customer to count as being supported.</p> <p>The bottled water alternative supplies process should be triggered within three hours, but it does not require all of the bottled water to have been delivered within the three hours.</p> <p>The communication elements of the service offering (contacting dialysis customers, proactive messaging and nominee messaging) should be mobilised within three hours.</p> <p>The company will not deliver bottled water or proactively message/call customers between the hours of 11:30pm and 5am, unless a customer has specifically requested this.</p>
Additional detail on measurement units	The Priority Service Register (PSR) is a record of consumers who have expressed a need for specific help or service
Specific exclusions	Discolouration and low pressure events are out of scope of this performance commitment.
Reporting and assurance	The company will also seek and publish the view of CCWater on the quality of the assistance it has offered to PSR customers during an incident.
Measurement unit and decimal places	Percentage of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19HDD_H4
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
Performance commitment level	%	NA	100	100	100	100	100
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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 Delivery of national environment programme requirements

Purpose: This performance commitment incentivises the company to deliver its requirements for the National Environment Programme (NEP).

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

Unique Reference	PR19HDD_NEP01
Detailed definition of performance measure	<p>Has the company “met” or “not met” all of its requirements for NEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest NEP programme published by National Resources Wales (NRW). If any scheme is not delivered by the time specified in the NEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All NEP schemes will be included including those reported under other performance commitments.</p>
Additional detail on measurement units	<p>The performance commitment will measure against the latest NEP tracker in the reporting year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest NEP programme on the 31st March 2021 and the schemes which have been delivered by this date.</p>
Specific exclusions	None

Unique Reference	PR19HDD_NEP01
Reporting and assurance	<p>The company will secure confirmation from Natural Resources Wales that performance has been correctly reported. The view of the Natural Resources Wales 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>
Measurement unit and decimal places	Text stating either “met” or “not met”.
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
Performance commitment level	Text	NA	met	met	met	met	met
Enhanced underperformance collar	Text		NA	NA	NA	NA	NA
Standard underperformance collar	Text		NA	NA	NA	NA	NA
Underperformance deadband	Text		NA	NA	NA	NA	NA
Outperformance deadband	Text		NA	NA	NA	NA	NA
Standard outperformance cap	Text		NA	NA	NA	NA	NA
Enhanced outperformance cap	Text		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

Annex 1: Key performance commitments for Hafren Dyfrdwy

Details of the key performance commitments that we present in Table 1.2 of 'Hafren Dyfrdwy 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"> 15% reduction in annual level of leakage by 2025 from the 2020 level.⁵ 	$\frac{(12.5 - 14.7) \text{ Ml/d}}{14.7 \text{ Ml/d}} \times 100 = -15\%$
<ul style="list-style-type: none"> 4% reduction in per capita consumption by 2024-25 	$\frac{(135 - 141) \text{ Ml/d}}{141 \text{ Ml/d}} \times 100 = -4\%$
<ul style="list-style-type: none"> 39% reduction in pollution incidents by 2024-25 	$\frac{(97 - 158) \text{ nr incidents}/10,000 \text{ network}}{158 \text{ nr incidents}/10,000 \text{ network}} \times 100 = -39\%$
<ul style="list-style-type: none"> 23% reduction in internal sewer flooding incidents by 2024-25 	$\frac{(1.34 - 1.74) \text{ nr incidents}/10,000 \text{ connections}}{1.74 \text{ nr incidents}/10,000 \text{ connections}} \times 100 = -23\%$
<ul style="list-style-type: none"> 74% reduction in water supply interruptions by 2024-25 	$\frac{3 \text{ min} - 11 \text{ min} 40 \text{ sec}}{11 \text{ min} 40 \text{ sec}} \times 100 = -74\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 11% increase in the percentage of struggling to pay customers supported through tailored schemes by 2024-25 	$\frac{(73 - 66)\%}{66\%} \times 100 = +11\%$
<ul style="list-style-type: none"> 17% reduction in sewer blockages on the company's network by 2024-25 	$\frac{(244 - 293) \text{ nr blockages}}{293 \text{ nr blockages}} \times 100 = -17\%$

⁵ Whilst the figures in the tables of the PR19 draft determinations: Hafren Dyfrdwy - 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 15% (from 2019-20 baseline) by 2024-25

<ul style="list-style-type: none">• 230 lead pipes replaced, including both communication and supply pipes, consistent with Welsh Government priorities	<p><i>This is the target as specified in the relevant performance commitment.</i></p>
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