

July 2019

Trust in water

PR19 draft determinations

**Northumbrian Water – Outcomes performance
commitment appendix**

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PR19 draft determinations: Northumbrian Water – Outcomes performance commitment appendix

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

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

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

The appendix provides the following information on each performance commitment:

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

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

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

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

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

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

1.1 Common performance commitments

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

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

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

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

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

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

1.1.1 Water quality compliance (CRI)

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_COM03
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	100% water network plus

Unique Reference	PR19NES_COM03
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		2.0	2.0	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	-1.394
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	PR19NES_COM04
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27 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> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p>

Unique Reference	PR19NES_COM04
	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	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	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		00:43:49	00:43:49	00:43:49	00:43:49	00:43:49
Standard underperformance collar	HH: MM: SS		00:32:54	00:32:54	00:32:54	00:32:54	00:32:54
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		00:02:03	00:01:54	00:01:45	00:01:36	00:01:26
Enhanced outperformance cap	HH: MM: SS		*	*	*	*	*

* See 'Delivering outcomes for customers policy appendix' for how we will apply caps for enhanced outperformance payments.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.492
Underperformance payment - enhanced	-3.232
Outperformance payment - standard	1.028
Outperformance payment - enhanced	3.232

1.1.3 Leakage (NW)

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 11% 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	PR19NES_COM05
<p>Detailed definition of performance measure</p>	<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>
<p>Additional detail on measurement units</p>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company’s control.</p> <p>As a minimum, if a company does not meet its 2019-20 leakage target, the company’s 2019-20 baseline will be adjusted downwards by one third of the difference</p>

Unique Reference	PR19NES_COM05
	<p>between the annual value derived from the 2019-20 PR14 committed annual performance level and the corresponding actual annual value using the PR14 calculation of leakage set out in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
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	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	<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>
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	1.9	5.0	8.0	11.0
Enhanced underperformance collar – percentage reduction	%		-26.0	-26.0	-26.0	-26.0	-26.0
Standard underperformance collar – percentage reduction	%		-16.1	-16.1	-16.1	-16.1	-16.1
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		39.9	41.7	43.7	45.5	49.8
Enhanced outperformance cap – percentage reduction	%		*	*	*	*	*

* See ‘Delivering outcomes for customers policy appendix’ for how we will apply caps for enhanced outperformance payments.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.174
Underperformance payment - enhanced	-0.266
Outperformance payment - standard	0.149
Outperformance payment - enhanced	0.266

1.1.4 Leakage (ESW)

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 17.6% from 2019-20 to 2024-25. This is a different figure to 18.5% 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	PR19NES_COM06
Detailed definition of performance measure	<p>The percentage reduction of three year average leakage in megalitres per day (MI/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 (MI/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-</p>

Unique Reference	PR19NES_COM06
	<p>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 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 Ml/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 (Ml/d) reported to one decimal place.</p>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and	In-period

Unique Reference	PR19NES_COM06
outperformance payments	
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	<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 (Ml/d) reported to one decimal place</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	6.2	8.5	11.8	15.2	18.5
Enhanced underperformance collar – percentage reduction	%		-52.3	-52.3	-52.3	-52.3	-52.3
Standard underperformance collar – percentage reduction	%		-40.5	-40.5	-40.5	-40.5	-40.5
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		24.7	27.0	29.5	31.8	37.6
Enhanced outperformance cap – percentage reduction	%		*	*	*	*	*

* See ‘Delivering outcomes for customers policy appendix’ for how we will apply caps for enhanced outperformance payments.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.180
Underperformance payment - enhanced	-0.479
Outperformance payment - standard	0.154
Outperformance payment - enhanced	0.479

1.1.5 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	PR19NES_COM07
Detailed definition of performance measure	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27 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	PR19NES_COM07
	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	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	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	0.8	1.8	2.9	4.1	5.3
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	-0.198
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.175
Outperformance payment - enhanced	NA

1.1.6 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	PR19NES_COM12
Detailed definition of performance measure	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 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	PR19NES_COM12
	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	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	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	131.4	128.8	126.1	123.5	121.0
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		197.1	197.1	197.1	197.1	197.1
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		116.6	114.3	112.4	109.9	107.6
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.182
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.182
Outperformance payment - enhanced	NA

1.1.7 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	PR19NES_COM13
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

Unique Reference	PR19NES_COM13
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

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	6.37	5.36	4.36	3.35	2.34
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	-1.720
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.8 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	PR19NES_COM10
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> <p>Deployable output (supply) = DO Outage allowance (unavailable supply) = OA Dry year demand = DD Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of a water resource zone) by the total number of customers served by the company.</p>

Unique Reference	PR19NES_COM10
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

1.1.9 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	PR19NES_COM16
<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	PR19NES_COM16
	<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	7.6	8.2	8.8	9.4	10.0
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

1.1.10 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	PR19NES_COM08
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 including incidents on sewers transferred under the Transfer of</p>

Unique Reference	PR19NES_COM08
	<p>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		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	-3.247
Underperformance payment - enhanced	NA
Outperformance payment - standard	2.523
Outperformance payment - enhanced	NA

1.1.11 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	PR19NES_COM09
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	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	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus

Unique Reference	PR19NES_COM09
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	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 Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency

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	24.51	23.74	23.00	22.40	19.50
Enhanced underperformance collar	number		85.00	85.00	85.00	85.00	85.00
Standard underperformance collar	number		39.70	39.70	39.70	39.70	39.70
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		15.05	14.57	14.12	13.75	11.97
Enhanced outperformance cap	number		*	*	*	*	*

* See 'Delivering outcomes for customers policy appendix' for how we will apply caps for enhanced outperformance payments.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.365
Underperformance payment - enhanced	-1.397
Outperformance payment - standard	0.299
Outperformance payment - enhanced	1.397

1.1.12 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	PR19NES_COM11
Detailed definition of performance measure	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 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
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	PR19NES_COM11
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	32.30	29.80	27.30	24.80	22.00
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	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.13 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	PR19NES_COM14
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>

Unique Reference	PR19NES_COM14
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
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	10.69	10.06	9.43	8.79	8.13
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	-0.322
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.14 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	PR19NES_COM15
Detailed definition of performance measure	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. https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf 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.
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.
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

Unique Reference	PR19NES_COM15
Price control allocation	84% wastewater network plus 16% 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, 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	%		99.00	99.00	99.00	99.00	99.00
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	-0.597
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.15 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	PR19NES_COM01
Detailed definition of performance measure	<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.
Additional detail on measurement units	The company's C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates, above) depends on its C-MeX score relative to those of the other companies. Specifically, it depends on how

Unique Reference	PR19NES_COM01
	<p>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. 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 annex of 'Delivering outcomes for customers policy appendix'

Unique Reference	PR19NES_COM01
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 and outperformance payments	In-period
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 'Northumbrian Water draft determination' and 'Northumbrian Water – Allowed revenue appendix').
Links to relevant external documents	PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'

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.

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%.

1.1.16 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	PR19NES_COM02
<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	PR19NES_COM02
	<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 annex of 'Delivering outcomes for customers policy appendix'</p>

Unique Reference	PR19NES_COM02
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	63.5% water network plus 36.5% wastewater network plus
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	C-MeX and D-MeX annex of '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 Satisfaction of Customers who receive additional non-financial support

Purpose: This performance commitment incentivises the company to provide high quality non-financial support to customers that are on the Priority Services Register (PSR).

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES01
Detailed definition of performance measure	<p>Annual mean score of customers that are on the PSR rating of the company provided in response to a survey question.</p> <p>This performance commitment measures the customer satisfaction score of customers who receive non-financial support through the PSR. This performance measure applies to households only.</p> <p>The score will be determined from a telephone survey where customers who are on the PSR are asked to rate their overall satisfaction with the PSR services the company provides.</p>

Unique Reference	PR19NES_BES01
	<p>Customers score their satisfaction with the company's performance between one and ten, with a greater score indicating a greater level of satisfaction. 1,000 customers will be surveyed throughout the year to provide an annual score.</p> <p>The research to inform this performance commitment consists of 250 completed interviews of customers on the PSR, carried out quarterly in line with the Market Research Society code of conduct. The company should ensure that the sample size selected gives a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	Annual mean score out of ten
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number 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	Number	NA	8.7	8.7	8.7	8.8	8.8
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

1.2.2 Awareness of additional non-financial support

Purpose: This performance commitment incentivises the company to increase customer awareness of its non-financial support scheme, the Priority Services Register (PSR).

Benefits: This performance commitment increases the number of customers in vulnerable circumstances who are aware of the company's PSR which helps to ensure that more customers who require support receive it.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES02
Detailed definition of performance measure	<p>The percentage of household customers who, when asked, have awareness of the company's additional non-financial support service, the PSR.</p> <p>The annual calculation is <i>(total number of customers who answer yes / total number of customers surveyed) x 100</i>.</p> <p>The measure is determined annually through market research conducted by an external third party used to determine if customers are aware of the PSR. The higher the percentage score, the better the performance.</p> <p>The score is based on a telephone survey to ask customers if they are aware of the PSR that the company can offer to those customers who need extra support. Customers score their awareness with a yes/no answer. 2,000 customers are surveyed annually (500 quarterly) and the results are presented as an annual % of awareness.</p> <p>The survey will take place on a quarterly basis (500/quarter). This will be reported as an annual percentage. Research will be conducted in line with the Market Research Society code of conduct. The company should ensure that the sample size selected gives a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational

Unique Reference	PR19NES_BES02
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	39.0	45.5	52.0	58.5	65.0
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

1.2.3 Response time to written complaints

Purpose: This performance commitment incentivises the company to respond to written complaints in a timely manner.

Benefits: This performance commitment helps customers get faster resolution to their written complaints.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES03
Detailed definition of performance measure	Annual average time taken to respond to written complaints in working days. This measure uses the Consumer Council for Water (CCWater) definition of a written complaint, which covers complaints via post, email, web or fax. The company will align with the any changes to the definition by CCWater.
Additional detail on measurement units	The duration to respond to each complaint, from the date of receipt into the business to the time a response is issued will be recorded. From this data the annual average time to respond to a complaint in working days will be calculated and reported for this measure. Complaints responded to in the April to March reporting period are to be included. Complaints received in one reporting period, but responded to in the next are included in the subsequent year's figures.
Specific exclusions	Exclusions will only be allowed as set out explicitly in the CCWater definition of a written complaint.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Working days to two decimal places
Measurement timing	Reporting year

Unique Reference	PR19NES_BES03
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	Number	NA	2.00	2.00	2.00	2.00	2.00
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	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.4 Visible leak repair time

Purpose: To incentivise the company to reduce the time it takes to repair customer reported visible leaks.

Benefits: This will reduce the amount of water that is wasted through leaks and demonstrate that the company is responding to leaks that customers report.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES04
Detailed definition of performance measure	<p>The average number of calendar days that it takes to find and fix visible leaks reported to the company by customers or third parties.</p> <p>A customer report of a visible leak will be recorded at the time the contact with the company started in the company's corporate systems. Once the leak is found and then the job to fix the leaking pipe is completed, the time and date of the completion will also be recorded in the company's systems. The difference between the two gives the time taken to repair the leak.</p>
Additional detail on measurement units	<p>The total time expressed in decimal days for all customer or third party visible leak repairs divided by the number of repairs gives the average number of calendar days.</p> <p>Average time expressed in decimal is for example 5 days 12 hours is reported as 5.5 days. A leak reported at 23:59 Monday and repaired 00:01 Wednesday, would have lasted 1.0 days. A leak reported at 23:59 Monday and repaired at 12:00 Wednesday would have lasted 1.5 days.</p> <p>Leaks repaired in the April to March reporting period are included. Leaks reported in one reporting period, but repaired in the next (i.e. the job runs over the year end), are included in the subsequent year's figures.</p> <p>All reported visible leaks from the company's network and customer owned supply pipes are included in this measure</p>

Unique Reference	PR19NES_BES04
	<p>and all communication channels (including the company's social media accounts) are included.</p> <p>This measure includes inbound reports of leaks from all customers, domestic or business. Additionally it includes reports from third parties (for example local authorities, fire service and the police).</p>
Specific exclusions	<p>The measure does not include leak repair jobs identified through active leakage control or other company proactive leakage activities.</p> <p>The time taken to reinstate excavations upon successful evidenced completion of repair is excluded from the measure.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Days to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	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	Days	NA	10.0	8.0	6.0	4.0	4.0
Enhanced underperformance collar	Days		NA	NA	NA	NA	NA
Standard underperformance collar	Days		NA	NA	NA	NA	NA
Underperformance deadband	Days		NA	NA	NA	NA	NA
Outperformance deadband	Days		NA	NA	NA	NA	NA
Standard outperformance cap	Days		NA	NA	NA	NA	NA
Enhanced outperformance cap	Days		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.428
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.261
Outperformance payment - enhanced	NA

1.2.5 Customers' perception of trust

Purpose: The performance commitment incentivises the company to provide high quality levels of service to increase customer satisfaction and trust.

Benefits: This performance commitment helps customers receive a high quality level of service and help provide information to allow the company to continually improve its level of service.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES05
Detailed definition of performance measure	<p>The mean customer satisfaction score out of ten based on a quarterly independent customer tracking survey.</p> <p>The survey covers only household customers and consists of 500 completed interviews each quarter, a total of 2,000 interviews annually. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</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>
Additional detail on measurement units	The measure will be calculated as the mean of all 2,000 survey results in each year.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Mean customer satisfaction score out of ten 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

Unique Reference	PR19NES_BES05
Any other relevant information	None
Links to relevant external documents	None

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	8.8	8.8	8.8	8.8	8.8
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

1.2.6 Percentage of households in water poverty

Purpose: This performance commitment incentivises the company to ensure that customers on low incomes are given financial support.

Benefits: This performance commitment ensures that the company maintains a focus on reducing water poverty levels in its region by providing a range of support and ensuring bills are affordable.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES06
Detailed definition of performance measure	Percentage of households spending more than 3% of their disposable income on their water and sewerage charges, after housing costs.
Additional detail on measurement units	<p>The measurement calculation is <i>(number of households whose bill > 3% of income / total number of households) x 100</i>.</p> <p>The number of total households is the number of connected households held within the company's billing databases. The database will be validated against income values to identify those in water poverty using credit reference data.</p> <p>[link to company definition document to be included in Final Determination – Company will set out detailed method including method for excluding affluent users with high consumption (who may spend more than 3% of their disposable income on water and sewerage charges) will be developed and provided by the company at latest by 30 September 2019 in a word document.]</p>
Specific exclusions	Affluent users with high consumption (who may spend more than 3% of their disposable income on water and sewerage charges)
Reporting and assurance	NA
Measurement unit and decimal places	Percentage to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and	NA

Unique Reference	PR19NES_BES06
outperformance payments	
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	12.52	10.97	9.42	7.87	6.32
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

1.2.7 Gap sites

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES07
Detailed definition of performance measure	The performance measure is calculated as the percentage of properties on the Valuation Office Agency's (VOA) Rating list which have been matched to the company database of connected non-household properties. Those which don't match are investigated as gap sites.
Additional detail on measurement units	The number of properties on the VOA rating list which have been matched to the company's corporate database (ie are connected and either classified as void or billed) as a percent of the total number of properties on this list.
Specific exclusions	The match will not include 'eligible' non-household properties that are excluded from the business rates list by definition as an exempted building (for example churches or farms) and any shared supply arrangements that include either a separately rated property or mixed use property that has been deemed to be non-eligible for the non-household retail market.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percent to one decimal place
Measurement timing	Reporting

Unique Reference	PR19NES_BES07
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	84.4	87.1	89.7	92.4	95.0
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

1.2.8 Voids

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

Benefits: Reduced number of void properties, which are occupied but not billed, leads to fairer charges between customers and lower bills for customers already being billed.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES08
Detailed definition of performance measure	The number of household properties classified as void as a percentage of the total number of 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 year.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to two decimal places

Unique Reference	PR19NES_BES08
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
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	4.40	4.35	4.30	4.25	4.21
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	-5.630
Underperformance payment - enhanced	NA
Outperformance payment - standard	2.965
Outperformance payment - enhanced	NA

1.2.9 Interruptions to supply greater than 12 hours

Purpose: This performance commitment helps incentivise the company to reduce the amount of lengthy interruptions that customers experience.

Benefits: This performance commitment helps improve the resilience of water supply for customers and reduces the risk of customers experiencing long interruptions.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES09
Detailed definition of performance measure	Total number of properties that experience an interruption of 12 hours (or more) in each year.
Additional detail on measurement units	All properties interrupted that are identified through the common measure (interruptions greater than three hours) that are impacted for 12 hours or more are recorded. To determine the start and stop of an interruption event, i.e. the duration, the company will use the same approach as set out in the “Component Definitions” section of the definition for the common interruptions measure. This section also provides a definition of what is considered to be an interruption. The reporting guidance for PR19 – Supply Interruptions, published on the 27 th March 2018, can be found here: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year

Unique Reference	PR19NES_BES09
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	None
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	Number	NA	500	475	450	425	400
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	-0.00331
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00331
Outperformance payment - enhanced	NA

1.2.10 Sewer flooding risk reduction

Purpose: This performance commitment incentivises the company to reduce the risk of internal and external sewer flooding to properties.

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES10														
Detailed definition of performance measure	<p>Cumulative number of properties where sewer flood risk (internal or external) has been reduced since 1 April 2020. A reduction in risk will be counted towards the measure when the risk to a property reduces by at least one level between the following bands:</p> <table border="1" data-bbox="576 1310 1394 1451"> <thead> <tr> <th colspan="7">Internal or External Flooding Risk Levels</th> </tr> </thead> <tbody> <tr> <td>1 in 5</td> <td>1 in 10</td> <td>1 in 15</td> <td>1 in 20</td> <td>1 in 30</td> <td>1 in 40</td> <td>>1 in 40</td> </tr> </tbody> </table> <p>With risk reducing from 1 in 5 to >1 in 40. If the risk to a property is reduced by more than one band, it will still count as a single property towards the measure. The reduction in risk will be assessed based on the modelled impacts of identified solution.</p>	Internal or External Flooding Risk Levels							1 in 5	1 in 10	1 in 15	1 in 20	1 in 30	1 in 40	>1 in 40
Internal or External Flooding Risk Levels															
1 in 5	1 in 10	1 in 15	1 in 20	1 in 30	1 in 40	>1 in 40									
Additional detail on measurement units	<p>Only the number of properties receiving a flood risk reduction as a result of a range of solutions delivered on site will be included. These solutions will typically be changes in the sewerage system, either by providing a separation scheme or a cluster of medium to small interventions. The resulting risk reduction will be modelled to establish the confidence in the effectiveness of the solution implemented. Identification of the appropriate risk band for a property is based on our hydraulic models, which are also used as the</p>														

Unique Reference	PR19NES_BES10
	<p>basis for reporting against the common performance commitment Risk of sewer flooding in a storm.</p> <p>The modelling assumptions and standards used for this measure will be compliant with the latest CIWEM Urban Drainage Group (UDG) Code of Practice for the Hydraulic Modelling of Urban Drainage Systems and for the representation of antecedent conditions, the CIWEM UDG (2016) Rainfall Guide. Model runs will be at least the 5 year, 10year, 15year, 20year, 30year and 40year and include relevant durations including at least 60 and 1440 minutes. Runs will be completed for both summer and winter scenario. Model runs will incorporate impacts of future growth, climate change and urban creep within catchments, as set out in the code of practice.</p> <p>The lowest return period to show a flood risk is used to understand the flooding frequency. For example, if a property is shown as flooding in a 1- in-10 event but not in a 1-in-5, 1-in-10 is taken as the flooding risk level.</p>
Specific exclusions	Any risk reductions achieved solely as a result of improving the company's hydraulic models are excluded.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Cumulative number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments, only for 2024-25.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	<p>Developing and Trialling Wastewater Resilience Metrics</p> <p>CIWEM UDG Code of Practice for the Hydraulic Modelling of Urban Drainage Systems</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	1,480	2,960	4,440	5,920	7,400
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	-0.000100
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.11 Discoloured water contacts

Purpose: To reduce water quality contacts relating to appearance.

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES11
Detailed definition of performance measure	The number of times the company is contacted by consumers due to drinking water not being clear, reported per 10,000 population. Calculation is the number of contacts for appearance multiplied by 10,000 divided by the resident population as reported to the Drinking Water Inspectorate (DWI).
Additional detail on measurement units	The consumer contact classification guidance is published by the DWI as <i>Information Letter 1/2006</i> , 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.
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 per 10,000 population, reported to two 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 data from the calendar year 2020.

Unique Reference	PR19NES_BES11
Any other relevant information	NA
Links to relevant external documents	The Discover Water website link for this measure is https://discoverwater.co.uk/colour

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	10.51	9.75	8.98	8.21	7.44
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	-1.133
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.944
Outperformance payment - enhanced	NA

1.2.12 Taste and smell contacts

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES12
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the taste and odour of drinking water, reported per 10,000 population. Calculation is the number of contacts for all taste and odour contacts multiplied by 10,000 divided by the resident population as reported to the Drinking Water Inspectorate (DWI).
Additional detail on measurement units	The consumer contact classification guidance is published by the DWI as <i>Information Letter 1/2006</i> , 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 taste and odour will be included in this measure.
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 per 10,000 population, reported to two 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 data from the calendar year 2020.

Unique Reference	PR19NES_BES12
Any other relevant information	NA
Links to relevant external documents	The Discover Water website link for this measure is at 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	2.08	2.07	2.05	2.04	2.02
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	-1.133
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.944
Outperformance payment - enhanced	NA

1.2.13 Event Risk Index

Purpose: This performance commitment incentivises the company to promote a proactive approach to risk mitigation of water quality events, including understanding the impact of events on customers.

Benefits: An improvement in this performance commitment indicates that the company is reducing the occurrence and/or impact of water quality events on customers.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES13
Detailed definition of performance measure	<p>The Event Risk Index (ERI) is a measure of the risk arising from water quality events, as defined by the Drinking Water Inspectorate (DWI). This is published at the following link: http://www.dwi.gov.uk/stakeholders/price-review-process/ERI_def.pdf</p> <p>The following outlines the broad principles of the ERI measure:</p> <ul style="list-style-type: none"> • the seriousness of each drinking water quality event (the Event Category or seriousness score); • a measure of the company performance in managing the event (the Assessment Outcome score); and • the impact of each event – based on a simple measure of the population affected and duration in hours. <p>The event category score and assessment outcome scores are based on the judgement of the DWI inspector using the score guidance set out in the in the detailed definition (see link above).</p>
Additional detail on measurement units	<p>The ERI score for each notified event is calculated using the following formula:</p> $\text{ERI} = \frac{(\text{Seriousness} \times \text{Assessment Outcome} \times \text{Impact})}{\text{Total population served by the company}}$ <p>The ERI for a company, for any given calendar year, is the sum of the individual ERI scores for every event notified to the Inspectorate during the year.</p>
Specific exclusions	<p>There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.</p>
Reporting and assurance	<p>No specific requirements</p>
Measurement unit and decimal places	<p>Number to three decimal places</p>
Measurement timing	<p>Calendar year</p>

Unique Reference	PR19NES_BES13
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, on a calendar year basis. For example, performance assessment for 2020-21 will be based on data from the calendar year 2020.
Any other relevant information	None
Links to relevant external documents	https://www.dwi.gov.uk/stakeholders/price-review-process/ERI_def.pdf

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	295.070	224.000	152.940	81.870	10.800
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

1.2.14 Interruptions to supply between one and three hours

Purpose: To minimise the number of supply interruptions of shorter duration.

Benefits: Reducing the frequency of short duration interruption events improves the reliability of supply.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES14
Detailed definition of performance measure	<p>Percentage that the average time the water supply is interrupted is greater than one hour and less than three hours in the report year as a proportion of the baseline. This bespoke measure aligns with the common interruptions measure but is calculated for all interruptions above one hour and less than three hours.</p> <p>The baseline is the average of the years 2018-19, 2019-20 and 2020-21.</p> <p>Outcome delivery incentives will be applied on an average time basis to decimal minutes. The performance commitment levels expressed as percentage reduction will be applied to the baseline. The difference between this value to the nearest second and actual average time to the nearest second will be used to calculate outcome delivery incentives.</p>
Additional detail on measurement units	<p>The reporting guidance for PR19 – Supply Interruptions, published on the 27 March 2018, can be found here: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf. References to three hours should be taken to mean 1 hour for the purpose of this commitment.</p>

Unique Reference	PR19NES_BES14
Specific exclusions	Interruptions above three hours are excluded as they are reported through the common measure (PR19NES_COM04).
Reporting and assurance	In its Annual Performance Report (APR) company to report actual performance in hh:mm:ss format and also a percentage of baseline.
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	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	%	NA	NA	97.5	95.0	92.5	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	-1.119
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.771
Outperformance payment - enhanced	NA

1.2.15 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: The benefit of this measure is a reduced number of sewer blockages and sewer flooding incidents affecting customers.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES15
Detailed definition of performance measure	<p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) in a reporting year.</p> <p>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.</p> <p>The definition aligns with that published on the Ofwat Outcomes definitions – PR19 website: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Sewer-blockages.pdf</p> <p>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.</p> <p>The company will include blockages that are as a result of third party interference.</p>
Additional detail on measurement units	NA
Specific exclusions	See detailed definition for a full list of exclusions.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of sewer 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

Unique Reference	PR19NES_BES15
Frequency of reporting	Annual
Any other relevant information	NA
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	Number	NA	11,594	11,379	11,164	10,950	10,600
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	-0.001443
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000780
Outperformance payment - enhanced	NA

1.2.16 External sewer flooding

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES16
Detailed definition of performance measure	<p>The absolute number of the company’s external sewer flooding incidents per year including incidents caused by severe weather.</p> <p>The external sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on 27 March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf</p> <p>Where a flooding incident has occurred, and flooding subsides any subsequent flooding will be counted as a separate incident. This shall be regardless of the time between events and if any investigation or follow on work has started or been completed.</p>
Additional detail on measurement units	<p>External flooding: is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes.</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 curtilages flooded during each flooding event from a public sewer 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>

Unique Reference	PR19NES_BES16
	See guidance for full definition.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of incidents 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
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	Number	NA	3,372	3,191	3,009	2,828	2,647
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		5,058	5,058	5,058	5,058	5,058
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		3,000	2,800	2,659	2,487	2,315
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00567
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00390
Outperformance payment - enhanced	NA

1.2.17 Repeat sewer flooding

Purpose: This performance commitment incentivises the company to reduce the number of repeat sewer flooding incidents.

Benefits: A reduction in sewer flooding reduces disruption and other negative social impacts for customers that are made worse if flooding is repeated.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES17
Detailed definition of performance measure	<p>The number of internal sewer flooding incidents in properties which have flooded internally more than once in the last five years.</p> <p>Includes flooding from the public and transferred network and includes severe weather events. The definition of what constitutes an internal flooding event aligns with the Ofwat definition for the common Internal Flooding measure, published on 27 March 2018 https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf.</p> <p>Repeat flooding incidents are defined as internal flooding more than once within a five year period. This is calculated as five years prior to the most recent flooding incident, i.e. if an incident occurred on 24th April 2018, the company would check back to and include 25th April 2013 to determine if this classed as a repeat for this measure.</p>
Additional detail on measurement units	<p>A flooding incident is 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.</p> <p>Any flooding due to jetting is included, unless the water is fully contained within a toilet bowl. Flooding due to third party action shall be included in all cases.</p>
Specific exclusions	See definition of internal sewer flooding for a full list of exclusions
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of repeat incidents to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19NES_BES17
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	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	Number	NA	46	44	42	39	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	-0.0551
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0551
Outperformance payment - enhanced	NA

1.2.18 Abstraction incentive mechanism (AIM)

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES18
Detailed definition of performance measure	<p>The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included one site for the period 2020-25: Ormesby Broad: The trigger threshold for this site is -0.2 meters Above Ordnance Datum (AOD) (i.e. 0.2m below ordnance datum) and it has a baseline of 8.6 Megalitres per day (Ml/d). This site will have a maximum overall underperformance collar of 13,140 megalitres per year accruing at no more than 36 megalitres per day.</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published on the 29th February 2016:</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</p>

Unique Reference	PR19NES_BES18
Additional detail on measurement units	<p>AIM performance is measured in megalitres (MI) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold.</p> <p>AIM performance in MI = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.</p> <p>For example, in the circumstance that the AIM baseline is 5 MI/day and the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of (4 MI/day minus 5 MI/day)*100 days = -100 MI. A negative number signifies an improved performance as average abstraction is less than the baseline.</p>
Specific exclusions	As defined in reporting guidance.
Reporting and assurance	The company will report any days it goes beyond its daily collar level and provide confirmation from the Environment Agency on its reported performance for this measure.
Measurement unit and decimal places	Megalitres to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water resources
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	Megalitre	NA	0	0	0	0	0
Enhanced underperformance collar	Megalitre		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitre		*	*	*	*	*
Underperformance deadband	Megalitre		NA	NA	NA	NA	NA
Outperformance deadband	Megalitre		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitre		NA	NA	NA	NA	NA
Enhanced outperformance cap	Megalitre		NA	NA	NA	NA	NA

*The collar for this performance commitment will be applied on a daily basis, and is set at 36 megalitres per day, whereas overall performance is measured in megalitres per year.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000035
Underperformance payment - enhanced	0.000000
Outperformance payment - standard	0.000042
Outperformance payment - enhanced	0.000000

1.2.19 Bathing water compliance

Purpose: The purpose of this performance commitment is to incentivise the company to improve water quality at the beaches designated for swimming within its region.

Benefits: By encouraging the improvement of bathing water quality, this performance commitment will enhance coastal environments, improve bathing water quality, and also support the continued development of the leisure and tourism industries in the company's region.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES19
Detailed definition of performance measure	The percentage of designated bathing waters in the company's northern operating area which are classified as Good or Excellent status each year, as reported by Defra.
Additional detail on measurement units	The classifications are based on a four year average of sample results at each beach.
Specific exclusions	Evidence that changes in bathing water quality classification were clearly as a result of non-water company sources alone, as agreed and signed-off by with the EA, will remove the bathing waters affected from this measure for each affected year. The classifications will be Office for National Statistics published data which includes any discounted results accepted under the EA's Pollution Risk Forecasting system.
Reporting and assurance	The performance commitment is reported by bathing season in the following year. For example, the bathing season in 2020 would be reported in the calendar year of 2021 to 2022 (1 January to 31 December).
Measurement unit and decimal places	Percentage to two 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% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the

Unique Reference	PR19NES_BES19
	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>The Bathing Water Regulations 2013 https://www.legislation.gov.uk/uksi/2013/1675/contents/made</p> <p>Environment Agency Bathing Water Quality Guide https://environment.data.gov.uk/bwq/profiles/help-understanding-data.html</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	%	NA	97.06	97.06	97.06	97.06	97.06
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	-0.249
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.249
Outperformance payment - enhanced	NA

1.2.20 Water environment improvements

Purpose: The measure incentivises the company to work with its partners to further improve the water environment within its regions beyond its statutory requirements.

Benefits: This performance commitment helps to deliver multiple benefits for the environment, including enhancing aspects of access, facilities and recreation, water quality, wildlife and biodiversity at targeted sites across the water environment.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES20
Detailed definition of performance measure	<p>Length of publicly accessible water environment in kilometres in the reporting year which has had improvements delivered across at least two aspects of:</p> <ul style="list-style-type: none"> • access, • facilities and recreation, • water quality, and • wildlife and biodiversity. <p>Each of these aspects of the water environment has an associated length measured in kilometres. The length of water environment enhanced as measured under this performance commitment will relate to lengths of publicly accessible water environment areas in the company's regions where improvements have been delivered in the year.</p> <p>Popular riverside footpaths, parks, beaches, and reservoirs will be key targets for this performance commitment.</p> <p>The Water Environment Governance Group (WEGG) is group of external stakeholders, representing different sectors including customers and with specific expertise will oversee the new Improving the Water Environment Scheme to support this partnership approach and drive on-the-ground delivery.</p>

Unique Reference	PR19NES_BES20
	<p>The WEGG must have a terms of reference that all members of the WEGG unanimously agree and which sets out the requirements for the company to provide the WEGG information.</p> <p>The WEGG will:</p> <ul style="list-style-type: none"> • help to identify suitable opportunities and interventions; • agree a full scope prior to each scheme being implemented including the benefits that should be delivered; and • sign off projects before the length can be counted.
<p>Additional detail on measurement units</p>	<p>Measurement will be based on the length of water environment improved where agreed packages of improvements have been delivered at the following:</p> <ul style="list-style-type: none"> • rivers, • streams, • lakes, • reservoirs, • wetlands, and • coasts and beaches. <p>Water environment will be recorded as the linear length upgraded and</p> <ul style="list-style-type: none"> • for beaches and coastline will be the linear length upgraded that is publicly accessible; • for rivers and streams will be the linear length of the water body improved, that is publicly accessible on at least one bank; and • for lakes, reservoirs and wetlands will be the perimeter of the area improved that is publicly accessible.
<p>Specific exclusions</p>	<p>Improvements delivered must go above and beyond the company's statutory environmental improvement commitments including those in the Water Industry National Environment Programme (WINEP). Lengths of any accessible water environment will only be included once in the five year period.</p>
<p>Reporting and assurance</p>	<p>The company will publish a report by an appropriately qualified external third party in advance of reporting lengths of accessible water environment improved that:</p> <ul style="list-style-type: none"> • the company has provided information to the WEGG in accordance with the agreed terms of reference; • each length had a scope agreed by the WEGG in advance of delivery and was delivered in accordance

Unique Reference	PR19NES_BES20
	<p>with the requirements as set out by the WEGG or subsequent agree changes,</p> <ul style="list-style-type: none"> • each length is signed off by the group as delivered; and • provide an assessment of the benefits for the lengths delivered.
Measurement unit and decimal places	The length of publicly accessible water environment improved in kilometres, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	12.2% water resources 50.1% water network plus 37.7% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	Water environment improvements will be delivered as agreed packages of improvements to accessible areas of the water environment through the partnership 'Improving the Water Environment' scheme.
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	10.0	10.0	10.0	10.0	10.0
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	-0.01189
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00768
Outperformance payment - enhanced	NA

1.2.21 Greenhouse Gas Emissions

Purpose: This performance commitment incentivises the company to reduce greenhouse gas emissions arising from its operational activities.

Benefits: The performance commitment reduces greenhouse gas emissions related to operational activities undertaken by the company.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES21
Detailed definition of performance measure	Annual net operational greenhouse gases emissions expressed in tonnes CO ₂ e (carbon dioxide equivalent).
Additional detail on measurement units	<p>Emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook.</p> <p>The measure includes all scope 1, 2 and 3 emissions, these are defined as:</p> <ul style="list-style-type: none"> • Scope 1 - Direct emissions from owned or controlled sources • Scope 2 - Indirect emissions from the generation of purchased energy • Scope 3 - all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. <p>Measurement of greenhouse gases will adopt the 'market-based' emissions factor for electricity supplied via the grid. This means the actual emissions associated with the electricity purchased will be used in the calculation of operational emissions rather than the national average UK grid emissions factor.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the international carbon reporting standard (ISO 14064, Part 1) and assured following an audit by the Certified Emissions Measurement and Reduction Scheme (CEMARS).</p> <p>The company will also report this measure in absolute terms, using both a 2019-20 baseline grid emissions factor and the actual year grid emissions factor, to provide transparency on reductions achieved through their own activities and those through national grid decarbonisation.</p>
Measurement unit and decimal places	Tonnes CO ₂ e reported to zero decimal places

Unique Reference	PR19NES_BES21
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	11% Water resources 44.9% Water network plus 33.8% Wastewater network plus 2.9% Bioresources (sludge) 7.4% Residential retail
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	UKWIR Carbon Accounting Workbook Greenhouse Gas Protocol International Carbon Reporting Standard CEMARS

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	tCO2e	NA	28,575	27,406	26,237	25,067	23,898
Enhanced underperformance collar	tCO2e		NA	NA	NA	NA	NA
Standard underperformance collar	tCO2e		NA	NA	NA	NA	NA
Underperformance deadband	tCO2e		NA	NA	NA	NA	NA
Outperformance deadband	tCO2e		NA	NA	NA	NA	NA
Standard outperformance cap	tCO2e		NA	NA	NA	NA	NA
Enhanced outperformance cap	tCO2e		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000187
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000187
Outperformance payment - enhanced	NA

1.2.22 Bioresources

Purpose: This performance commitment incentivises the company to treat sludge to the highest standard and to recycle nutrients in treated sludge back to agricultural land.

Benefits: The performance commitment increases the amount of renewable energy produced from sludge and the quality of treated sludge recycled to agricultural land.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES22
Detailed definition of performance measure	Percentage of the total amount of sludge, in tonnes dry solids (tDS), produced each year that has been effectively treated by an advanced sludge treatment process (Advanced Anaerobic Digestion) and beneficially recycled to land.
Additional detail on measurement units	<p>The measure will be calculated as follows:</p> <p>1) % raw tDS treated by AAD = $\frac{\text{raw tDS treated by AAD} - \text{raw tDS not treated by AAD}}{\text{total raw sludge (tDS) produced and imported}}$</p> <p>2) % biosolids tDS to land = $\frac{\text{biosolids tDS to Land} - \text{tDS not to land}}{\text{total final biosolids}}$</p> <p>3) % bioresources treated through AAD and to land = $\% \text{ raw tDS treated by AAD} \times \% \text{ biosolids tDS to land}$</p> <p>The performance commitment will include sludge and organic wastes imported from other WaSCs or third parties that have been traded under the bioresources price control. The traded quantities of sludge would be added to the raw tDS figures treated and produced.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19NES_BES22
Timing of underperformance and outperformance payments	NA
Price control allocation	100% bioresources
Frequency of reporting	Annual
Any other relevant information	<p>The disposal or use of sludge under this measure will be required to comply 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>
Links to relevant external documents	Environment Agency Environmental Performance Assessment Methodology (v3)

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

1.2.23 Satisfaction of Customers who receive additional financial support

Purpose: This performance commitment incentivises the company to provide high quality financial support to customers that are signed up to one of the company's SupportPLUS tariffs or WaterSure.

Benefits: By meeting the target for this performance commitment the company ensures that its customers receiving financial support are satisfied with the services they receive, indicating that the company is delivering a quality approach to supporting these customers.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES01a
Detailed definition of performance measure	<p>This performance commitment measures the customer satisfaction score of customers who receive additional financial support through one of the company's SupportPLUS tariffs or WaterSure. This performance measure applies to households only.</p> <p>The score will be determined from a telephone survey where customers who are receiving financial support for either water arrears or ongoing charges are asked to rate their overall satisfaction with the services the company provides.</p> <p>Customers score their satisfaction with the company's performance between one and ten, with a greater score indicating a greater level of satisfaction. 1,000 customers will be surveyed throughout the year to provide an annual score.</p> <p>The research to inform this performance commitment consists of 250 completed interviews carried out quarterly in line with the Market Research Society code of conduct. The company should ensure that the sample size selected gives a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	Annual mean score out of ten
Specific exclusions	None
Reporting and assurance	The company's research should follow social research best practice.
Measurement unit and decimal places	Number to one decimal place
Measurement timing	Reporting year

Unique Reference	PR19NES_BES01a
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	Number	NA	8.7	8.7	8.7	8.8	8.8
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

1.2.24 Awareness of additional financial support

Purpose: This performance commitment incentivises the company to increase customer awareness of its financial support schemes.

Benefits: This performance commitment increases the number of customers who may require additional financial support who are aware of the company's financial support schemes. This in turn helps to ensure that more customers who require support receive it.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES02a
Detailed definition of performance measure	<p>The percentage of household customers who have awareness of the company's additional financial support services. This includes customers that are signed up to one of the company's SupportPLUS tariffs or WaterSure.</p> <p>The annual calculation is <i>(total number of customers who answer yes / total number of customers surveyed) x100</i>.</p> <p>The measure is determined annually through market research used to determine if customers are aware of the additional financial support services the company provides. The higher the percentage score, the better the performance.</p> <p>The score is based on a telephone survey to ask customers if they are aware of the additional financial support services that the company can offer to customers who need extra support. This includes the company's SupportPLUS tariffs and WaterSure. Customers score their awareness with a yes/no answer. 2,000 customers are surveyed annually (500 quarterly) and the results are presented as an annual % of awareness.</p>

Unique Reference	PR19NES_BES02a
	The survey will take place on a quarterly basis (500 per quarter). This will be reported as an annual percentage. Research will be conducted in line with the Market Research Society code of conduct. The company should ensure that the sample size selected gives a reasonable statistical significance for the purpose of the performance commitment.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage 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	39.0	52.0	65.0	65.0	65.0
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

1.2.25 British Standards Institution Award for Inclusive Services

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES23
Detailed definition of performance measure	<p>This measure assesses the quality of the Priority Services scheme via the British Standard for Inclusive Service Provision certification BS 18477.</p> <p>To meet its targets for this performance commitment the company must maintain the BS 18477 standard throughout the 2020 to 2025 period.</p> <p>If this certification from BSI is not in place on 31 March of the reporting year, the performance commitment is reported as not maintained.</p> <p>The performance commitment applies each reporting year, and demonstration that the certification is in place must be tested and reported each reporting year. The BS 18477 certification is awarded by BSI Group (also known as the British Standards Institution).</p> <p>In the event that BSI Group cease providing certification for BS 18477 during the period 2020-25, the company should adopt any standard designed to directly succeed the existing standard. If one is not available, it will assess whether there exists other appropriate standards that can be used as an alternative independently assessed indicator of the quality of support for customers in vulnerable circumstances.</p>
Additional detail on measurement units	This measure is reported as Maintained or Not maintained.
Specific exclusions	None
Reporting and assurance	No specific requirements

Unique Reference	PR19NES_BES23
Measurement unit and decimal places	Text (maintained or not maintained)
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	https://www.bsigroup.com/en-GB/our-services/Inclusive-Service/ https://www.bsigroup.com/LocalFiles/en-GB/consumerguides/resources/BSI-Consumer-Brochure-Inclusive-Services-UK-EN.pdf

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	Maintained	Maintained	Maintained	Maintained	Maintained
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

1.2.26 Delivery of water resilience enhanced programme

Purpose: This performance commitment is designed to incentivise the company to reduce the risk of critical service failure affecting a large number of customers.

Benefits: This performance commitment protects customers from non-delivery of schemes in the company's water resilience enhanced programme. These schemes will deliver benefits to customers by reducing the number of events that results in customers not having water supplied over a sustained period of time.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES24																		
Detailed definition of performance measure	<p>This performance commitment measures the delivery of the company's water resilience enhancement programme. The relevant milestones are:</p> <table border="1"> <thead> <tr> <th>Estimated completion date</th> <th>Milestone</th> <th>Weight (%)</th> </tr> </thead> <tbody> <tr> <td>31 March 2025</td> <td>Teeside</td> <td>38.4</td> </tr> <tr> <td>31 March 2025</td> <td>Central</td> <td>52.5</td> </tr> <tr> <td>31 March 2025</td> <td>Essex</td> <td>0.4</td> </tr> <tr> <td>31 March 2025</td> <td>Tyne</td> <td>0.7</td> </tr> <tr> <td>31 March 2025</td> <td>Too critical to fail</td> <td>8.0</td> </tr> </tbody> </table> <p>Completion is determined on full completion of the respective milestones when the measures are in operation and providing clear benefit to customers. The required scope of the milestones are as set out by the company in submissions to Ofwat in advance of draft determinations.</p>	Estimated completion date	Milestone	Weight (%)	31 March 2025	Teeside	38.4	31 March 2025	Central	52.5	31 March 2025	Essex	0.4	31 March 2025	Tyne	0.7	31 March 2025	Too critical to fail	8.0
Estimated completion date	Milestone	Weight (%)																	
31 March 2025	Teeside	38.4																	
31 March 2025	Central	52.5																	
31 March 2025	Essex	0.4																	
31 March 2025	Tyne	0.7																	
31 March 2025	Too critical to fail	8.0																	
Additional detail on measurement units	None																		
Specific exclusions	None																		
Reporting and assurance	<p>The company will provide an assurance report at the next price review from an appropriately qualified third party to:</p> <ul style="list-style-type: none"> • Confirm that the scope expected to be delivered for each milestone is equivalent or greater to the required scope • confirm expected completion of each scheme and to assess any likely delay in any individual milestone beyond 31 March 2025. 																		

Unique Reference	PR19NES_BES24
Measurement unit and decimal places	Percentage completion to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	End of 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	%	NA	0.0	0.0	0.0	0.0	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	-0.279
Underperformance payment - enhanced	N/A
Outperformance payment - standard	N/A
Outperformance payment - enhanced	N/A

1.2.27 Delivery of lead enhancement programme

Purpose: This performance commitment is designed to incentivise the company to deliver its lead enhancement programme which is aimed at reducing the levels of lead being consumed in tap water by its customers

Benefits: This performance commitment reduces the risk posed to customers from lead in drinking water and provides further incentive for the company to comply with its statutory obligations.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES25								
Detailed definition of performance measure	<p>This performance commitment measures the percentage delivered of the company's lead enhancement programme. This is limited to delivering pipe replacements on the customer side (supply pipe) in the following categories:</p> <ul style="list-style-type: none"> • vulnerable groups; • rural supplies; and • hotspots. <p>To reflect the different unit costs involved with replacing lead pipes for these groups, each category has a different contribution to the overall scheme delivery measure as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Contribution to scheme delivery per pipe (%)</th> </tr> </thead> <tbody> <tr> <td>Vulnerable groups</td> <td>0.046</td> </tr> <tr> <td>Rural supplies</td> <td>0.019</td> </tr> <tr> <td>Hotspots</td> <td>0.019</td> </tr> </tbody> </table> <p>For the purposes of this performance commitment, no property can be counted in more than one category.</p>		Contribution to scheme delivery per pipe (%)	Vulnerable groups	0.046	Rural supplies	0.019	Hotspots	0.019
	Contribution to scheme delivery per pipe (%)								
Vulnerable groups	0.046								
Rural supplies	0.019								
Hotspots	0.019								
Additional detail on measurement units	NA								
Specific exclusions	Company-owned communication pipes.								
Reporting and assurance	No specific requirements								

Unique Reference	PR19NES_BES25
Measurement unit and decimal places	Percentage of scheme completed to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.0509m per unit.
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	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	%	NA	15.1	36.4	57.6	78.8	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	-0.00834
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.28 Delivery of smart water metering enhancement programme

Purpose: This performance commitment is designed to incentivise the company to increase the number of smart water meters that are installed at customer properties.

Benefits: Smart meters reduce the cost of meter readings and allow for more regular readings to be taken. This improves the quality of data for the customer to better control their use, and the company to optimise its actions in response to demand.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES26						
<p>Detailed definition of performance measure</p>	<p>This performance commitment measures the percentage delivered of the company’s smart metering programme. This is limited to installing new smart meters and replacing existing basic meters with smart meters.</p> <p>To reflect the different unit costs involved, each category has a different contribution to the overall scheme delivery measure as follows:</p> <table border="1" data-bbox="576 1037 1118 1339"> <thead> <tr> <th data-bbox="576 1037 847 1160"></th> <th data-bbox="847 1037 1118 1160">Contribution to scheme delivery per meter (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 1160 847 1249">New smart meters</td> <td data-bbox="847 1160 1118 1249">0.0005007</td> </tr> <tr> <td data-bbox="576 1249 847 1339">Replacement meters</td> <td data-bbox="847 1249 1118 1339">0.0000592</td> </tr> </tbody> </table> <p>For the purposes of this performance commitment, no double counting is permitted between categories.</p>		Contribution to scheme delivery per meter (%)	New smart meters	0.0005007	Replacement meters	0.0000592
	Contribution to scheme delivery per meter (%)						
New smart meters	0.0005007						
Replacement meters	0.0000592						
<p>Additional detail on measurement units</p>	<p>For this performance commitment a smart meter is defined as a meter within that has the capacity as part of a system for metering water supplies to all the following:</p> <ul style="list-style-type: none"> • Measures consumption over representative periods to legal metrology requirements; • Store measured data for multiple time periods; • Allow ready access to this data by customers as well as by the company; and • Transfer consumption data to the company for the purposes of accurate billing without requiring access to the property. <p>A meter can be counted if it has the capacity, even if the required systems are not in place to utilise this capacity</p>						

Unique Reference	PR19NES_BES26
Specific exclusions	<p>This performance commitment only applies to residential customers' meters and excludes business customers' meters.</p> <p>A meter can only be counted once in the five year period for a property. For example, if a meter fails within the five years and is replaced, it cannot be recounted towards this performance commitment.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to scheme completed to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.2099m per unit.
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	%	NA	20.4	40.6	60.6	80.4	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	-0.0344
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.29 Delivery wastewater resilience enhancement programme

Purpose: This performance commitment is designed to incentivise the company to deliver investment to increase its wastewater network resilience by reducing the flooding risk of 41 sewage treatment works (STW) and sewage pumping stations (SPS).

Benefits: This performance commitment protects customers from non-delivery of schemes in the company’s wastewater resilience programme. Reduced flooding risk will mitigate the level of disruption to customers when receiving wastewater services.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES27
Detailed definition of performance measure	<p>The cumulative number of sites in the company’s wastewater resilience enhancement programme where the required scope of flood mitigation work has been delivered.</p> <p>The 41 sites are:</p> <ul style="list-style-type: none"> • Barkers Haugh STW • Bishop Auckland STW • Chester-le-Street STW • Consett STW • Hexham STW • Low Wadsworth STW • Morpeth STW • Stressholme STW • Aldbrough STW • Aldin Grange STW • Alston STW • Barton STW • Bishopton STW • Bowburn STW • Broom Haugh STW • Browney STW • Chilton Lane STW • Cockfield STW • Cornhill on Tweed STW • Cotherstone STW • Dunstan STW • Edmondsley STW • Esh Winning STW

Unique Reference	PR19NES_BES27
	<ul style="list-style-type: none"> • Felton STW • Fishburn STW • Frosterley STW • Haydon Bridge STW • Kelloe STW • Longhurst STW • Melkridge STW • Millfield STW • Netherton STW • Newbiggin STW • Northamstow STW • Pittington STW • Pity Me STW • Powburn STW • Ramshaw STW • Rothbury STW • Sacriston STW • Sedgefield STW <p>The required scope of the milestones are as set out by the company in submissions to Ofwat in advance of draft determinations.</p>
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	<p>The company will publish an assurance report in advance of the next price review from an appropriately qualified external third party that confirms</p> <ul style="list-style-type: none"> • that the scope expected to be delivered for each milestone is equivalent or greater to the required scope • the expected completion of each scheme and to assess any likely delay in any individual milestone beyond 31 March 2025.
Measurement unit and decimal places	Number of sites to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments

Unique Reference	PR19NES_BES27
Timing of underperformance and outperformance payments	End of 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	0	0	0	0	0	41
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	-0.410
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.30 Delivery of cyber resilience enhancement programme

Purpose: This performance commitment incentivises the company to deliver its cyber resilience enhancement programme.

Benefits: This performance commitment delivers multiple benefits by enhancing the company's cyber security function to ensure compliance with the Network and Information Systems (NIS) Directive.

Performance commitment definition and parameters

Unique Reference	PR19NES_BES28			
Detailed definition of performance measure	This performance commitment measures the delivery of the company's cyber resilience enhancement programme. The relevant milestones are:			
	Estimated completion date	Milestone	Weight (%)	Cumulative progress (%)
	31 March 2022	Creation of a Security Operations Centre and incident management response capability	40.4	40.4
	31 March 2025	Enhancing the company's cyber security function through a number of solutions.	59.6	100.0

Unique Reference	PR19NES_BES28
	<p>The second milestone is equally divided between the following activities (and so each contributes 6.6%):</p> <ul style="list-style-type: none"> • advanced persistence threat (APT) solutions • privilege management, permissions management, network access control and 'end point zero-day' solutions to enhance security and prevent incidents happening. • Microsoft E5 licences which provides enhanced security functionality (above that usually required) • Enhanced employee awareness training • Enhancing security of OT network to support 2000 OT outstations which are being migrated to new IP technology • incident-response capability (support from cyber specialists in event of an incident) • implement information security management system (ISMS) to guard against cyber threats and manage compliance frameworks • Enhanced/red team testing to test holistic security (in line with CPNI recommendations) • MS operations manager's suite <p>Delivery is determined by full completion of the respective milestones when the measures are in operation and providing clear benefit to customers. For the second milestone, reporting of completion will be based on completion of individual schemes and not the milestone as a whole.</p>
Additional detail on measurement units	NA
Specific exclusions	Delivery of schemes covered by the Security and Emergency Measures Direction (SEMD).
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage completion to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.0658m per unit.

Unique Reference	PR19NES_BES28
Timing of underperformance and outperformance payments	In-period
Price control allocation	70.4% water network plus 29.6% 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	%	NA	0.0	40.4	40.4	40.4	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	-0.0107
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.31 NWL Independent value for money survey

Purpose: This performance commitment incentivises the company to deliver a service that represents value for money for its household customers.

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

Performance commitment definition and parameters

Unique Reference	PR19NES_BES30
Detailed definition of performance measure	<p>The mean score of responses from household customers asked about their overall satisfaction with the service the company provides.</p> <p>The measure is the annual score from the 'value for money' question taken from this independent domestic customer survey.</p> <p>Customers score their satisfaction with performance between one and ten, and a greater score indicates a greater level of satisfaction.</p> <p>2,000 customers will be surveyed throughout the year to provide an annual result. 500 interviews will be completed quarterly in line with the Market Research Society code of conduct.</p>
Additional detail on measurement units	The measure is reported as an annual mean score out of ten.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Annual mean score to one decimal place
Measurement timing	Reporting year

Unique Reference	PR19NES_BES30
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	Number	NA	8.2	8.3	8.3	8.4	8.5
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

1.2.32 Water Industry National Environment Programme

Purpose: This performance commitment incentivises the company to deliver its agreed Water Industry National Environment Programme (WINEP) schemes in a timely manner.

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	PR19NES_BES31
Detailed definition of performance measure	The cumulative number of schemes completed each year. The performance commitment is limited to schemes that were confirmed on 1 April 2019 within the Water Industry National Environment Programme (WINEP) and therefore had green status. The full list of included schemes is provided in [link to definition document to be included in Final Determination].
Additional detail on measurement units	Each scheme completed by the company must be signed off by the Environment Agency in order for it to count towards the measure.
Specific exclusions	Schemes that were amber and not confirmed on 1 April 2019 within the company's WINEP obligations.
Reporting and assurance	The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.
Measurement unit and decimal places	The cumulative number of schemes completed each year reported to zero decimal places
Measurement timing	Reporting year

Unique Reference	PR19NES_BES31
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	14.5% water resources 85.5% wastewater network plus
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	Number	NA	168	360	422	497	649
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	-0.00969
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.33 Delivery of water industry national environment programme requirements

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

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

Performance commitment definition and parameters

Unique Reference	PR19NES_NEP01
Detailed definition of performance measure	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
Additional detail on measurement units	<p>The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The</p>

Unique Reference	PR19NES_NEP01
	<p>view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
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 Northumbrian Water

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

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

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

Key common performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 15% reduction in annual level of leakage by 2025 from the 2020 level⁵ 	$\frac{(117.7 - 138.5) \text{ Ml/d}}{138.5 \text{ Ml/d}} \times 100 = -15\%$
<ul style="list-style-type: none"> 5% reduction in per capita consumption by 2024-25 	$\frac{(136 - 144) \text{ Ml/d}}{144 \text{ Ml/d}} \times 100 = -5\%$
<ul style="list-style-type: none"> 22% reduction in pollution incidents by 2024-25 	$\frac{(19.5 - 25) \text{ nr/10000km}}{25 \text{ nr/10000km}} \times 100 = -22\%$
<ul style="list-style-type: none"> 44% reduction in internal sewer flooding incidents by 2024-25 	$\frac{(1.34 - 2.38) \text{ nr/10000km}}{2.38 \text{ nr/10000km}} \times 100 = -44\%$
<ul style="list-style-type: none"> 40% reduction in water supply interruptions by 2024-25 	$\frac{(3 - 5) \text{ min}}{5 \text{ min}} \times 100 = -40\%$
<ul style="list-style-type: none"> 64% reduction in unplanned outage levels by 2024-25 	$\frac{(2.34 - 6.54)\%}{6.54\%} \times 100 = -64\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 25% reduction in external sewer flooding incidents by 2024-2025 	$\frac{(20.94 - 28.11) \text{ nr/10000km}}{28.11 \text{ nr/10000km}} \times 100 = -25\%$
<ul style="list-style-type: none"> 3% increase in the percentage of designated bathing waters in the company's northern operating area 	$\frac{(97.06 - 94.12)\%}{94.12\%} \times 100 = +3\%$

⁵ Whilst the figures in the tables of the PR19 draft determinations: Northumbrian Water - Outcomes performance commitment appendix' which relate to this performance commitment reflect that it is measured on a three-year average to smooth annual variations due to weather, the overall performance commitment target is a reduction in average annual leakage of 15% (from 2019-20 baseline) by 2024-25

that are classified annually as Good or Excellent by 2024-25.	
<ul style="list-style-type: none">28% reduction in greenhouse gas produced by the company by 2024-25	$\frac{(23898 - 33008)t}{33008t} \times 100 = -28\%$

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