

July 2019

Trust in water

PR19 draft determinations

**Portsmouth Water – Outcomes performance
commitment appendix**

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PR19 draft determinations: Portsmouth Water – Outcomes performance commitment appendix

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for Portsmouth 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 Portsmouth 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 'Portsmouth 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	PR19PRT_PRT-Network Plus-01
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	PR19PRT_PRT-Network Plus-01
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	DWI publishes provisional CRI scores in April each year for the previous calendar year. Final scores are published in July of each year in their annual water quality reports.
Links to relevant external documents	http://www.dwi.gov.uk/about/annual-report/index.htm

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.113
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	PR19PRT_PRT-Network Plus-02
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf</p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>
Additional detail on measurement units	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $\frac{((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption})}{\text{Total number of properties supplied (year end)}} = \text{average number of minutes lost per customer}$ <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p> <p>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</p>

Unique Reference	PR19PRT_PRT-Network Plus-02
	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		NA	NA	NA	NA	NA
Standard underperformance collar	HH:MM:SS		00:08:06	00:09:36	00:11:06	00:12:36	00:14:06
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		00:02:47	00:02:28	00:02:10	00:01:52	00:01:30
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.094
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.078
Outperformance payment - enhanced	NA

1.1.3 Leakage

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-07
<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 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>

Unique Reference	PR19PRT_PRT-Network Plus-07
	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.
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	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/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 megalitres per day (MI/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	4.0	8.0	12.0	16.0	20.1
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-5.0	-5.0	-5.0	-5.0	-5.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		14.0	18.8	22.5	25.9	31.3
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.179
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.149
Outperformance payment - enhanced	NA

1.1.4 Per capita consumption

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water Resources 03
Detailed definition of performance measure	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
Additional detail on measurement units	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20</p>

Unique Reference	PR19PRT_PRT-Water Resources 03
	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 resources
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	%		1.3	2.5	3.8	5.0	6.3
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-8.6	-8.6	-8.6	-8.6	-8.6
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		4.7	5.9	7.0	8.2	9.3
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.033
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.028
Outperformance payment - enhanced	NA

1.1.5 Mains repairs

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-03
Detailed definition of performance measure	<p>Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27th March 2018. https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</p> <p>It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).</p>
Additional detail on measurement units	<p>Mains repairs – This includes all physical repair work to mains from which water is lost.</p> <p>Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.</p>
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

Unique Reference	PR19PRT_PRT-Network Plus-03
	repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.
Measurement unit and decimal places	Number of repairs per 1000km of mains, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	68.3	68.0	67.8	67.6	67.3
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.024
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.6 Unplanned outage

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-04
<p>Detailed definition of performance measure</p>	<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>
<p>Additional detail on measurement units</p>	<p>See reporting guidance for additional detail.</p>
<p>Specific exclusions:</p>	<p>As defined in the reporting guidance.</p>
<p>Reporting and assurance</p>	<p>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.</p>
<p>Measurement unit and decimal places</p>	<p>Percentage of peak week production capacity, reported to two decimal places.</p>

Unique Reference	PR19PRT_PRT-Network Plus-04
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment
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	2.34	2.34	2.34	2.34	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	-0.191
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.7 Risk of severe restrictions in a drought

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water Resources-04
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>
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	NA

Unique Reference	PR19PRT_PRT-Water Resources-04
and outperformance payments	
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	0.8	0.8	0.8	0.7	0.3
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Retail-05
Detailed definition of performance measure	<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>
Additional detail on measurement units	<p>The performance commitment is calculated using the following formulas:</p>

Unique Reference	PR19PRT_PRT-Retail-05
	$PSR\ Reach = \left(\frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left(\frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left(\frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <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> <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

Unique Reference	PR19PRT_PRT-Retail-05
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 Services 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	2.0	3.7	5.5	7.3	9.0
Performance commitment level: Actual contact	%		25.0	50.0	50.0	50.0	50.0
Performance commitment level: Attempted contact	%		45.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.9 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	PR19PRT_PRT-Retail-01
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	<p>The company's C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates, above) depends on its C-MeX score relative to those of the other companies. Specifically, it depends on how</p>

Unique Reference	PR19PRT_PRT-Retail-01
	<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 'Delivering outcomes for customers policy appendix'

Unique Reference	PR19PRT_PRT-Retail-01
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 'Portsmouth Water draft determination' and 'Portsmouth 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%.

1.1.10 D-MeX

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-11
<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 W21.1 Self-lay Point of Connection reports >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	PR19PRT_PRT-Network Plus-11
	<p>W22.1 Self-lay design approval and terms request – written acknowledgement</p> <p>W23.1 Self-lay design and terms request <500 plots etc. - quotations</p> <p>W24.1 Self-lay design and terms request >500 plots etc. - quotations</p> <p>W25.1 Self-lay signed agreement - acknowledgements</p> <p>W26.1 Self-lay water for pressure/bacteriological testing - provided</p> <p>W27.1 Self-lay permanent water supply - provided</p> <p>W28.1 Self-lay vesting certificates - issued</p> <p>W29.1 Self-lay Asset Payments - issued</p> <p>W30.1 Self-lay plot references and costing details - issued</p> <p>S1.1 Pre-development enquiry – reports issued</p> <p>S2.1 Sewer requisition – written acknowledgement</p> <p>S3.1 Sewer requisition design – offers issued</p> <p>S4.1 Sewer requisition – constructed and commissioned</p> <p>S5.1 Technical vetting of adoptions & diversions - acknowledgements</p> <p>S6.1 Technical vetting of adoptions & diversions – approval or rejection letters</p> <p>S7.1 Adoption legal agreement – draft agreements issued</p> <p>S8.1 s106 sewer connection - approval letters issued</p>
<p>Additional detail on measurement units</p>	<p>The company's D-MeX score is calculated using the following formula:</p> <p>D-MeX score = (50% Qual) + (50% Quant)</p> <p>Where:</p> <ul style="list-style-type: none"> • 'Qual' is a combination of the overall satisfaction score given by developer customers surveyed in the customer satisfaction survey; and • 'Quant' is a combination of Water UK performance metrics which have non-zero volumes.
<p>Specific exclusions</p>	<p>As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'.</p>
<p>Reporting and assurance</p>	<p>Reporting and assurance should be in the form and manner set out in the guidance⁴</p>
<p>Measurement unit and decimal places</p>	<p>Score out of 100, to two decimal places</p>

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.

Unique Reference	PR19PRT_PRT-Network Plus-11
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% water 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	PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'

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 Water quality contacts

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-06
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, reported per 1,000 population. Calculation is the number of contacts for appearance plus all taste/odour contacts multiplied by 1,000 divided by the resident population as reported to 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

Unique Reference	PR19PRT_PRT-Network Plus-06
	appearance, 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 as well as taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts per 1,000 population, reported to two decimal place.
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
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	NA
Links to relevant external documents	The Discover Water website link for appearance is at https://discoverwater.co.uk/colour and taste and odour 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	0.44	0.43	0.43	0.42	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	-0.0727
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.2 Low pressure

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-05
Detailed definition of performance measure	<p>The number of properties receiving or at risk of receiving pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance.</p> <p>The low pressure reference level is defined in the reporting guidance, published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf.</p>
Additional detail on measurement units	The low pressure reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA

Unique Reference	PR19PRT_PRT-Network Plus-05
Links to relevant external documents	NA

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	60	50	40	30	18
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	-0.00189
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.3 Catchment management

Purpose: This performance commitment is designed to incentivise the company to engage with farmers about their land management practices in order to try and protect groundwater quality.

Benefits: This performance commitment will improve raw water quality sourced from groundwater sources and protect them from any deterioration.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-08
<p>Detailed definition of performance measure</p>	<p>The number of farmers engaged with that have committed, following engagement, to implement changes to current land management practices or agreed to implement catchment interventions recommended by the company.</p> <p>The engagement activities will be focused on farms and farmers in non-priority areas associated with each groundwater safeguard zone. These areas will have been identified as being at risk of raw water quality deterioration</p> <p>The company will engage with the Environment Agency and Natural England on the nature and scale of the risks to raw water quality in these areas, the proposed land areas to be targeted as well as the relative prioritisation and targeting of farms and farmers by the end of 2019-20. The company will obtain written agreement from the Environment Agency and Natural England on these points.</p> <p>The company will provide a list of catchment management interventions to farmers that will help reduce any risks posed to groundwater quality. Following engagement activity with the company, the farmers must commit to uptake one or more of these interventions in order to count towards this performance commitment. The list of agreed potential interventions to be should be agreed with appropriate expert stakeholders (e.g. Natural England or the Environment Agency) in advance of the 2020-25 period.</p>
<p>Additional detail on measurement units</p>	<p>The company will engage with relevant stakeholders throughout 2020-25 in order to ensure that the list of catchment interventions is relevant and up to date and that appropriate farmers and land managers are being targeted.</p> <p>To count towards the achievement of this performance commitment, a ‘farmer’ can be either the land owner or the land manager. However, only one ‘farm’ can count towards</p>

Unique Reference	PR19PRT_PRT-Network Plus-08
	this performance commitment. The farm owner and land manager cannot both be included in the measurement. The company has identified 75 potential farms in non-priority areas. Each farm from this list can only be counted once. The company will provide the list of farms, its current view of prioritisation and the agreed catchment interventions as part of its Annual performance Report.
Specific exclusions	If a farmer or land manager does not take up any activities, the engagement activity will not count towards the measurement of the performance commitment.
Reporting and assurance	<p>The company will keep ongoing records of which measures are most successful in terms of benefits to the environment and customers.</p> <p>The company will also keep up to date records of which measures are being implemented at which farms and how they have ensured the farmer or land manager implemented the chosen activity.</p>
Measurement unit and decimal places	Number of farmers engaged with that have committed, following engagement, to implement changes to current land management practices to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	None
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	10	20	30	40	50
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	-0.000800
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000400
Outperformance payment - enhanced	NA

1.2.4 Abstraction incentive mechanism

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

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

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-02
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: PRT_AIM1: The trigger threshold for this site is 0.1 cubic meters per second and it has a baseline of 18.8 Megalitres per day (MI/d).</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published on the 29th April 2016: https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</p>
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</p>

Unique Reference	PR19PRT_PRT-Water resources-02
	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.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Megalitres 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 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	Megalitres	NA	0.0	0.0	0.0	0.0	0.0
Enhanced underperformance collar	Megalitres		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitres		NA	NA	NA	NA	NA
Underperformance deadband	Megalitres		NA	NA	NA	NA	NA
Outperformance deadband	Megalitres		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitres		-1.7	-1.7	-1.7	-1.7	-1.7
Enhanced outperformance cap	Megalitres		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0190
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0168
Outperformance payment - enhanced	NA

1.2.5 Biodiversity reward

Purpose: This performance commitment is designed to incentivise the company to collaborate with third parties through the provision of grants in order to fund projects that protect and enhance biodiversity.

Benefits: This performance commitment will improve levels of biodiversity and protect the environment by awarding funding to third parties to deliver projects that target biodiversity benefits.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-01
Detailed definition of performance measure	<p>The value of grants awarded to third parties for projects and activities that promote and enhance biodiversity.</p> <p>The company will establish a grant scheme to be used for:</p> <ul style="list-style-type: none"> • priority biodiversity projects identified on Portsmouth Water owned or tenanted land, or • capital grant schemes for biodiversity or knowledge enhancement projects located within the company's catchments. <p>To obtain funding the project must have a link to the ultimate outcome ('an improved environment supporting biodiversity'). Projects should therefore provide clear evidence that they will enhance biodiversity, enhance catchments, enhance wetlands or support a protected species.</p> <p>The company will specify a panel of experts, including external partners, who will assess each application against a predetermined set of criteria. The criteria set will include, but not be limited to, cost, value for money and deliverability. Grant submissions will be awarded on the basis of the score against these criteria. The panel of experts will have relevant expertise in the areas covered by the scope of this performance commitment.</p> <p>The recipients of grants will be required to provide updates on the progress of their particular project or study to the panel, including updates on any agreed success criteria.</p> <p>Grant applications will be supported with appropriate references, CVs and prior examples of managing similar projects. The company should withhold part of the fund until the final report from the relevant third party is delivered including any monitoring.</p>

Unique Reference	PR19PRT_PRT-Water resources-01
Additional detail on measurement units	The company will provide Ofwat with the panel membership details, project success criteria and the governance processes they will put in place to ensure successful delivery of this performance commitment prior to the 2020-25 period commencing for endorsement.
Specific exclusions	<p>Grants will not be awarded, and therefore not count towards the measurement of performance commitment, that do not qualify for funding under the success criteria the company agrees in advance with its panel of experts.</p> <p>The following types of project are excluded from the measurement of this performance commitment:</p> <ul style="list-style-type: none"> • the company's own research and development activity; • business as usual delivery of capital projects by contractors; and • repair and maintenance or other framework contracts.
Reporting and assurance	<p>The company will publish an assurance report from an external third party that:</p> <ul style="list-style-type: none"> • projects qualifying for grants have been awarded on the basis of the agreed suite of consistent success criteria; and • that any third parties awarded grants have met the requirements for reporting and demonstrating success.
Measurement unit and decimal places	Value of grants in £m to three decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	£m	NA	0.050	0.050	0.050	0.050	0.050
Enhanced underperformance collar	£m		NA	NA	NA	NA	NA
Standard underperformance collar	£m		NA	NA	NA	NA	NA
Underperformance deadband	£m		NA	NA	NA	NA	NA
Outperformance deadband	£m		NA	NA	NA	NA	NA
Standard outperformance cap	£m		NA	NA	NA	NA	NA
Enhanced outperformance cap	£m		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 Biodiversity penalty

Purpose: This performance commitment will incentivise the company to improve the biodiversity on its land.

Benefits: Improved land management delivers biodiversity and environmental improvements as well as cost-effective protection against raw water deterioration

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-06
<p>Detailed definition of performance measure</p>	<p>Percentage of sites with identified priority habitat that are in good stewardship each year.</p> <p>Priority habitats are those identified as being most threatened and requiring conservation.</p> <p>The company will agree with Natural England, the Hampshire & Isle of Wight Rivers Trust, relevant local authorities, the Environment Agency and the National Trust, by 2019-20, the number of sites that are covered by this performance commitment in the period 2020-25.</p> <p>The above stakeholders will also agree and document, by 2019-20, the expectations and requirements for each of these sites in terms of promoting and managing biodiversity. This will be the agreed work programme for 2020-25.</p> <p>The definition of good stewardship will be agreed and documented with the above stakeholders along with the process for completing assessments prior to 2020-25. In cases of dispute the definition of good stewardship will be made by Natural England.</p> <p>The company should publish the agreed list of sites that qualify for this performance commitment and the individual site requirements agreed with stakeholders in its 2019-2020 annual performance report.</p>
<p>Additional detail on measurement units</p>	<p>Successful completion will be agreed and endorsed by an appropriate third party (e.g. Natural England) after implementation of any agreed activity.</p>
<p>Specific exclusions</p>	<p>The biodiversity penalty performance commitment does not in any way impact the similarly named 'biodiversity reward' performance commitment.</p>

Unique Reference	PR19PRT_PRT-Water resources-06
Reporting and assurance	<p>The company will publish an assurance report from an external third party that evidences:</p> <ul style="list-style-type: none"> • how each site claimed has been managed according to the agreed work programme for 2020-25. • how each site claimed fulfils the agreed definition of good stewardship. <p>Progress will be reviewed with the CCG and Natural England every six months</p>
Measurement unit and decimal places	Percentage of sites to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	<p>The company has a legal obligation to promote biodiversity on its operational sites under the Water Industry National Environment Programme (WINEP). WINEP3 was published March 2018. Associated with this, the company will have an active Biodiversity Action Plan which includes activities associated with Habitat Action Plans and individual Species Action Plans covering specific species.</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	%	NA	90.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		70.0	70.0	70.0	70.0	70.0
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	-0.000940
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.7 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	PR19PRT_PRT-Retail-02
Detailed definition of performance measure	<p>The number of household and non-household properties classified as void as a percentage of the total number of household and non-household properties served by the company.</p> <p>Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.</p>
Additional detail on measurement units	The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.
Specific exclusions	Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage household properties classified as void, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Outperformance and underperformance
Incentive type	Revenue
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual

Unique Reference	PR19PRT_PRT-Retail-02
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	2.00	2.00	2.00	2.00	2.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.244
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.145
Outperformance payment - enhanced	NA

1.2.8 Affordability

Purpose: This performance commitment incentivises the company to increase the number of residential customers receiving financial support via social tariffs.

Benefits: Social tariffs improve support for low income customers and makes charges more affordable for them.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Retail-03
Detailed definition of performance measure	The number of customers who are benefiting from the company's social tariff. The measure is the number of customers benefiting from the scheme at the end of each reporting year. For the purposes of this performance commitment each household will be counted only once.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of customers, to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance only
Timing of underperformance and outperformance payments	In-Period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	The company will undertake research with customers before they exceed supporting 8,000 additional customers on the social tariff. If customers do not, at this point, support an additional cross-subsidy to enable the company to reach the 10,000 target, the company will fund it from its own resources.

Unique Reference	PR19PRT_PRT-Retail-03
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	8,000	8,500	9,000	9,500	10,000
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	-0.000021
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.9 Resilience schemes to ensure peak demands can be met

Purpose: This performance commitment incentivises the company to complete its planned resilience schemes to ensure it is able to successfully meet peak demands.

Benefits: This performance commitment ensures that the company can deliver water to all of its customers in the event of losing key strategic assets under both average and peak conditions.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-12																	
Detailed definition of performance measure	<p>The cumulative percentage of schemes completed within the 2020-25 period.</p> <p>It includes four resilience schemes which improve resilience at time of peak demand. These schemes significantly reduce the risk to customers from the loss of one or more treatment works at peak demand. Each scheme will be reported as 25% delivery on completion.</p> <p>The schemes included within this performance commitment are:</p> <table border="1"> <thead> <tr> <th>Scheme ID</th> <th>Risk mitigated</th> <th>Resilience schemes</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Oil pollution at WTW's</td> <td>Installation of VOC Monitors at all WTW's to prevent oil pollution affecting the works</td> </tr> <tr> <td>3</td> <td>Supply deficit Farlington</td> <td>Works to increase transfer capacity into the Farlington Zone</td> </tr> <tr> <td>6a</td> <td>Hoads Hill to Gosport main</td> <td>Mitigate against a single point of failure at the A27 Underpass</td> </tr> <tr> <td>7</td> <td>Nelson to Lovedean main</td> <td>Upgrade Leigh park booster to mitigate loss of Nelson to Lovedean main</td> </tr> </tbody> </table>			Scheme ID	Risk mitigated	Resilience schemes	1	Oil pollution at WTW's	Installation of VOC Monitors at all WTW's to prevent oil pollution affecting the works	3	Supply deficit Farlington	Works to increase transfer capacity into the Farlington Zone	6a	Hoads Hill to Gosport main	Mitigate against a single point of failure at the A27 Underpass	7	Nelson to Lovedean main	Upgrade Leigh park booster to mitigate loss of Nelson to Lovedean main
Scheme ID	Risk mitigated	Resilience schemes																
1	Oil pollution at WTW's	Installation of VOC Monitors at all WTW's to prevent oil pollution affecting the works																
3	Supply deficit Farlington	Works to increase transfer capacity into the Farlington Zone																
6a	Hoads Hill to Gosport main	Mitigate against a single point of failure at the A27 Underpass																
7	Nelson to Lovedean main	Upgrade Leigh park booster to mitigate loss of Nelson to Lovedean main																
Additional detail on measurement units	NA																	
Specific exclusions	None																	
Reporting and assurance	No specific requirements.																	

Unique Reference	PR19PRT_PRT-Network Plus-12
Measurement unit and decimal places	% completion to zero decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0	0	0	0	100
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.10 Avoidance of water supply restrictions

Purpose: The purpose of this performance commitment is to incentivise the company to avoid drought-related restrictions on water use by customers in line with its statutory water resources management plan.

Benefits: The benefit of this performance commitment is to minimise customer restrictions on water use.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-05
Detailed definition of performance measure	<p>The number of water supply restrictions each year.</p> <p>The definition of water restrictions includes temporary bans on water use as provided for in Section 76 of the Water Industry Act 1991, as amended by Section 36 of the Flood and Water Management Act 2010 and detailed in The Water Use (Temporary Bans) Order 2010. The terms ‘temporary bans on water use’, and ‘temporary use ban’ replace the old reference to hosepipe bans.</p>
Additional detail on measurement units	<p>Although unlikely it is possible for more than one unit to be accrued in any one year, for example if a drought ends as defined by the water company’s drought plan or the company declares the drought has ended, and then the company needs to move back into drought and reapply restrictions, this would count as another unit.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number to zero decimal points.
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	PR19PRT_PRT-Water resources-05
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	0	0	0	0	0
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

1.2.11 Carbon

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	PR19PRT_PRT-Network Plus-09
Detailed definition of performance measure	<p>Percentage reduction in net annual operational greenhouse gas emissions measured in kilograms carbon equivalent (kgCO₂e) per million litres (MI) of water put into supply from a 2019-20 baseline.</p> <p>The scope of the measure includes any greenhouse gas emissions emitted due to the operational activities, such as but not limited to, grid electricity consumption, fuel consumption, and process emissions from sludge, wastewater and water treatment.</p>
Additional detail on measurement units	<p>Operational greenhouse gas emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook. The operational emissions are measured in kilograms carbon equivalent (kgCO₂e) per million litres (MI) of water put into supply. The measure will use the 2019-20 tCO₂e per MI operational greenhouse gas emissions as the baseline value from which to calculate % reduction in each year from 2020-25.</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>Greenhouse gas emissions per MI will be calculated as:</p> $\text{tCO}_2\text{e per MI supplied} = \frac{\text{Net operational emissions (tCO}_2\text{e)}}{\text{Total water supplied (MI)}}$
Specific exclusions	None

Unique Reference	PR19PRT_PRT-Network Plus-09
Reporting and assurance	The company will provide assurance that the approach it has taken to calculate its emissions follows best practice guidance from either national or international standards.
Measurement unit and decimal places	Percentage reduction in net annual operational greenhouse gas emissions measured in kilograms carbon equivalent (kgCO ₂ e) per million litres (MI) of water put into supply from a 2019-20 baseline 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	None
Links to relevant external documents	UKWIR Carbon Accounting Workbook Greenhouse Gas Protocol

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	1.0	2.0	3.0	4.0	5.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.12 Addressing vulnerability

Purpose: This performance commitment incentivises the company to work effectively with local organisations who support customers in vulnerable circumstances.

Benefits: This performance commitment improves the support that customers in vulnerable circumstances receive from the company, both directly and through local organisations.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Retail-04
Detailed definition of performance measure	<p>The average respondents to a survey that are 'very satisfied' or 'satisfied' with the service the company provides in the context of supporting customers in vulnerable circumstances.</p> <p>The survey will be undertaken by an external third party, to quantify the degree of satisfaction agencies have with the company.</p> <p>A minimum of 50 local support organisations, who have worked with the company and/or advised clients on water supply related issues, will be surveyed to determine their level of satisfaction of the service the company provides them and the people who they represent.</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> <p>The measure will be based on a single question gauging satisfaction via a five point word scale, only answers of 'very satisfied' or 'satisfied' will be included as positive responses.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19PRT_PRT-Retail-04
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	85	85	85	85	85
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.13 RoSPA

Purpose: This performance commitment incentivises the company to ensure it fulfils its commitment to carry out an annual review of its Health and Safety performance.

Benefits: The RoSPA (Royal Society for the Prevention of Accidents) Gold Standard award will assure that the company is delivering high levels of health and safety for its employees.

Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-10
Detailed definition of performance measure	<p>The attainment of the RoSPA 'Gold Standard' each year.</p> <p>The RoSPA Gold Standard requires companies to demonstrate:</p> <ul style="list-style-type: none"> • excellent occupational health and safety management systems; • a rigorous approach to occupational health; • high levels of compliance with control measures for principal risks; • low rates of error, harm and loss; • no fatal or major injuries due to employer negligence; and • no significant enforcement issues. <p>Full details of the Gold award requirement are available on the RoSPA website (see link below).</p>
Additional detail on measurement units	NA
Specific exclusions	NA

Unique Reference	PR19PRT_PRT-Network Plus-10
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Level of RoSPA award in words – e.g. Gold
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	ROSPA Health and Safety Awards

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	Gold	Gold	Gold	Gold	Gold
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

1.2.14 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	PR19PRT_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	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.
Specific exclusions	None
Reporting and assurance	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
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

Unique Reference	PR19PRT_NEP01
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

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

1.2.15 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	PR19PRT_NEP02
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
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19PRT_NEP02
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	Number	NA	2	7	7	18	18
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	-0.023
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA

Outperformance payment - enhanced	NA
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Annex 1: Key performance commitments for Portsmouth Water

Details of the key performance commitments that we present in Table 1.2 of ‘Portsmouth 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"> 20% reduction in annual level of leakage by 2025 from the 2020 level⁵ 	$\frac{(27.9 - 34.9) \text{Ml/d}}{34.9 \text{Ml/d}} \times 100 = -20\%$
<ul style="list-style-type: none"> 6.3% reduction in per capita consumption by 2024-25 	$\frac{(133 - 142) \text{Ml/d}}{142 \text{Ml/d}} \times 100 = -6.3\%$
<ul style="list-style-type: none"> 25% reduction in water supply interruptions by 2024-25 	$\frac{(3 - 4) \text{min}}{4 \text{min}} \times 100 = -25\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 8% reduction in the number of water appearance customer contacts by 2024-25 	$\frac{(0.41 - 0.45) \text{contacts}/1000 \text{pop}}{0.45 \text{contacts}/1000 \text{pop}} \times 100 = -8\%$
<ul style="list-style-type: none"> 74% reduction in the number of customers who receive, or are at risk of receiving, pressure below the minimum standard by 2024-25 	$\frac{(18 - 70) \text{customers at risk}}{70 \text{customers at risk}} \times 100 = -74\%$

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

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

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA

Phone: 0121 644 7500
Fax: 0121 644 7533
Website: www.ofwat.gov.uk
Email: mailbox@ofwat.gov.uk

July 2019

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