

July 2019

Trust in water

PR19 draft determinations

**SES Water – Outcomes performance
commitment appendix**

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PR19 draft determinations: SES Water – Outcomes performance commitment appendix

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for SES 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 SES 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 'SES 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	PR19SES_A.4
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
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year

Unique Reference	PR19SES_A.4
	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	-0.175
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	PR19SES_A.1
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 considered in the calculation of the metric where the duration is three hours or greater.</p>
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

Unique Reference	PR19SES_A.1
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	ODI rate applies on a per minute basis.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	HH:MM:SS	NA	00:05:24	00:04:48	00:04:12	00:03:36	00:03:00
Enhanced underperformance collar	HH:MM:SS		00:43:49	00:43:49	00:43:49	00:43:49	00:43:49
Standard underperformance collar	HH:MM:SS		00:32:54	00:32:54	00:32:54	00:32:54	00:32:54
Underperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:MM:SS		00:01:20	00:01:16	00:01:11	00:01:07	00:01:03
Enhanced outperformance cap	HH:MM:SS		*	*	*	*	*

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.148
Underperformance payment - enhanced	-0.390
Outperformance payment - standard	0.123
Outperformance payment - enhanced	0.362

1.1.3 Leakage

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

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

The performance commitment is consistent with the company reducing average annual leakage by 15% from 2019-20 to 2024-25. This is a different figure to 12.4% in the table below as the performance commitment is measured on a three-year average to smooth annual variations due to weather.

Performance commitment definition and parameters

Unique Reference	PR19SES_C.4
Detailed definition of performance measure	<p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on the 27th March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
Additional detail on measurement units	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p>

Unique Reference	PR19SES_C.4
	<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 (MI/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 (MI/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if a company does not meet its 2019-20 leakage target, the company's 2019-20 baseline will be adjusted downwards by one third of the difference between the annual value derived from the 2019-20 PR14 committed annual performance level and the corresponding actual annual value using the PR14 calculation of leakage set out in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.</p>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19SES_C.4
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 (Ml/d).
Links to relevant external documents	None

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	1.2	3.3	6.2	9.5	12.4
Enhanced underperformance collar – percentage reduction	%		-57.7	-57.7	-57.7	-57.7	-57.7
Standard underperformance collar – percentage reduction	%		-45.6	-45.6	-45.6	-45.6	-45.6
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		23.6	26.0	28.7	31.2	36.9

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Enhanced outperformance cap – percentage reduction	%		*	*	*	*	*

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.415
Underperformance payment - enhanced	-0.467
Outperformance payment - standard	0.345
Outperformance payment - enhanced	0.467

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	PR19SES_E.1
Detailed definition of performance measure	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/ 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).

Unique Reference	PR19SES_E.1
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 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.</p>
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	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.</p>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline.

Unique Reference	PR19SES_E.1
	Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	1.0	2.3	3.8	5.2	6.6
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-8.9	-8.9	-8.9	-8.9	-8.9
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.089
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.5 Mains repairs

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

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

Performance commitment definition and parameters

Unique Reference	PR19SES_A.2
Detailed definition of performance measure	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 th March 2018. https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/ It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
Additional detail on measurement units	Mains repairs – This includes all physical repair work to mains from which water is lost. Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company’s active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer 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

Unique Reference	PR19SES_A.2
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	61.6	60.7	59.7	58.8	57.8
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.027
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	PR19SES_C.3
Detailed definition of performance measure	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4th April 2019. https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf</p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage can then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
Additional detail on measurement units	See reporting guidance for additional detail.
Specific exclusions:	As defined in the reporting guidance.

Unique Reference	PR19SES_C.3
Reporting and assurance	The company should report its current company level peak week production capacity (PWPC) (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
Measurement unit and decimal places	Percentage of peak week production capacity, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment
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	1.74	1.74	1.74	1.71	1.71
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	-0.177
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	PR19SES_C.1
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	PR19SES_C.1
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	0.0	0.0	0.0	0.0	0.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19SES_B.5
Detailed definition of performance measure	<p>This common performance commitment is defined in the reporting guidance: PR19 draft determinations: Reporting guidance – Common performance commitment for the Priority Service Register.</p> <p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> • 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	The performance commitment is calculated using the following formulas:

Unique Reference	PR19SES_B.5
	$PSR\ Reach = \left(\frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left(\frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left(\frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <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

Unique Reference	PR19SES_B.5
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	Reporting guidance – Common performance commitment for the Priority Service Register

Performance commitment levels

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	3.5	4.4	5.3	6.2	7.0
Performance commitment level: Actual contact	%		25.0	50.0	50.0	50.0	50.0
Performance commitment level: Attempted contact	%		45.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
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	PR19SES_D.2
Detailed definition of performance measure	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

Unique Reference	PR19SES_D.2
	<p>customer experience (CE) surveys. Standard and enhanced payments under C-MeX depend on a company’s performance relative to those of the other companies.</p> <p>Higher performance payments are available if the company passes each of the following three ‘gates’:</p> <ol style="list-style-type: none"> 1. is one of the top three performers by C-MeX score; 2. has lower than the industry average number of complaints (per 10,000 connections); and 3. is at or above the C-MeX all sector upper quartile (ASUQ) threshold, which is based on the UK Customer Satisfaction Index (CSI) measure of customer satisfaction in the UK, run by the Institute of Customer Services.
<p>Additional detail on measurement units</p>	<p>The company’s C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates, above) depends on its C-MeX score relative to those of the other companies. Specifically, it depends on how many standard deviations (SD) the company’s score is from the industry average C-MeX score, determined as:</p> <p>SD score = (company C-MeX – C-MeX mean) / C-MeX SD</p> <p>The company’s C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> <p>C-MeX score = (40% CS CSAT) + (40% CE CSAT) + (20% combined CS and CE NPS)</p> <p>CSAT and NPS scores are normalised to a scale of 0 to 100. 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

Unique Reference	PR19SES_D.2
	<p>year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys),</p> <ul style="list-style-type: none"> • 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year, • 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year, and • 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies.
Specific exclusions	As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'
Reporting and assurance	Reporting and assurance should be in the form and manner set out in the guidance. ¹
Measurement unit and decimal places	Score out of 100, to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational and revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance 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 the 'SES Water draft determination' and the 'SES 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	PR19SES_D.3
<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> <p>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 W22.1 Self-lay design approval and terms request – written acknowledgement</p>

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	PR19SES_D.3
	<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	PR19SES_D.3
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 Customer concerns about their water (taste, odour and discolouration 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 of drinking water.

Performance commitment definition and parameters

Unique Reference	PR19SES_A.3
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 the DWI.
Additional detail on measurement units	The customer contact classification guidance is published by the Drinking Water Inspectorate (DWI) as <i>Information Letter 1/2006</i> , 6 January 2006, at 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	PR19SES_A.3
	appearance and taste and odours will be included in this measure.
Specific exclusions	See DWI guidance for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance, taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of customer contacts per 1,000 population, 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
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	NA
Links to relevant external documents	The DiscoverWater website link for this 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	0.51	0.51	0.50	0.50	0.50
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	-0.796
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.2 Supporting customers in financial hardship

Purpose: This performance commitment incentivises the company to increase the number of customers receiving financial support from the company.

Benefits: Social tariffs provide support for low income customers and makes charges more affordable for them, avoiding negative social impacts including stress and anxiety.

Performance commitment definition and parameters

Unique Reference	PR19SES_B.1
Detailed definition of performance measure	<p>The company will count the number of customers that receive financial support through the company's Water Support Scheme, and commits to increase the number of customers it provides this support to if there is a need for it.</p> <p>The company will also provide advice to applicants of the scheme on where to go for additional help.</p> <p>The company has committed to fund social tariffs between 19,000 and 25,000.</p>
Additional detail on measurement units	The number of customers of the Water Support Scheme on 31 March each year.
Specific exclusions	None
Reporting and assurance	<ul style="list-style-type: none"> • The company will also report the number of customers applying for schemes each year, whether judged as fulfilling the requirements or not. • The company will also seek feedback from stakeholders each year on how it could further promote its financial assistance schemes and provide a summary in its annual performance report.
Measurement unit and decimal places	Number of customers, to zero decimal places
Measurement timing	Reporting year
Incentive form	<p>Underperformance payments.</p> <p>In addition, the company will pay £91 for each customer that receives a social tariff above 19,000 in any year. So, for example if there are 19,500 customers that receive a social tariff then the company will pay for 500 customers.</p>
Incentive type	Revenue
Timing of underperformance and outperformance payments	In-period
Price control allocation	NA
Frequency of reporting	Annual

Unique Reference	PR19SES_B.1
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	12,960	15,970	18,980	21,990	25,000
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	-9.10
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.3 Vulnerable support scheme awareness

Purpose: This performance commitment incentivises the company to increase awareness of vulnerable support schemes.

Benefits: Increasing awareness should lead to more customers accessing support that they need.

Performance commitment definition and parameters

Unique Reference	PR19SES_B.2
Detailed definition of performance measure	<p>The percentage of customers that answer “yes” to the question “Are you aware of the additional support SES Water offers customers in vulnerable situations through their Helping Hand Scheme and Priority Services Register?”</p> <p>The survey will take place at least quarterly. The metric will be reported as a percentage of all customers that are asked the question in a survey each year.</p> <p>The support offered is captured in the Helping Hand Scheme and Priority Service Register. It includes providing individual notifications in an emergency, password schemes to help protect against bogus callers, text relay service and providing correspondence in different formats for those with visual impairments.</p> <p>The survey method and volume of customers to survey will be set in advance each year and be assured or carried out by an external third party research agency. 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 sample size is expected to be 400, but it should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage to one decimal place.

Unique Reference	PR19SES_B.2
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	56.7	59.5	62.3	65.2	68.0
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

1.2.4 Vulnerable support scheme helpfulness

Purpose: This performance commitment incentivises the company to increase the number of customers finding vulnerable support schemes helpful.

Benefits: This performance commitment improves the helpfulness of the vulnerable support schemes as the company responds to the feedback from customers.

Performance commitment definition and parameters

Unique Reference	PR19SES_B.3
Detailed definition of performance measure	<p>The percentage of customers that answer “yes” to the question “Do you feel that the services offered by SES Water for customers in vulnerable circumstances are helpful?”</p> <p>The survey will take place at least quarterly to a representative sample of household customers on vulnerable support schemes.</p> <p>The metric will be reported as a percentage of all customers that are asked the question in a survey each year.</p> <p>The survey method and volume of customers to survey will be set in advance each year and be assured or carried out by an external third party research agency. 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 sample size is expected to be 400, but it should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>

Unique Reference	PR19SES_B.3
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	The percentage of customers to one decimal place.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	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	80.0	80.0	80.0	80.0	80.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
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

1.2.5 Void properties

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

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

Performance commitment definition and parameters

Unique Reference	PR19SES_B.4
Detailed definition of performance measure	The number of household and non-household properties classified as void as a percentage of the total number of

Unique Reference	PR19SES_B.4
	<p>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 requirement
Measurement unit and decimal places	Percentage of household and non-household properties classed as void, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Outperformance and underperformance
Incentive type	Revenue
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	2.80	2.70	2.50	2.40	2.20
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	-0.248
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.248
Outperformance payment - enhanced	NA

1.2.6 First contact resolution

Purpose: This performance commitment incentivises the company to resolve its customers' enquiries and complaints on the first contact.

Benefits: Customer service will improve if enquiries and complaints are resolved first time.

Performance commitment definition and parameters

Unique Reference	PR19SES_D.1
Detailed definition of performance measure	<p>Percentage of customer contacts, including enquiries and complaints, which the company resolves on first contact.</p> <p>This will be measured by calculating the number of repeat contacts as a percentage of all contacts, and then subtracting that from 100% to get the first contact resolution %. Repeat contacts are those that are received within a period of 10 working days.</p>
Additional detail on measurement units	<p>This performance commitment will be measured as a percentage of customer contacts resolved on first contact over a 12-month period (1 April to 31 March). It will be calculated as:</p> $\% \text{ first contact resolution} = (1 - \text{Repeat contacts} / \text{All contacts}) \times 100$ <p>Contacts where the 10 working day period has not yet passed by the end of the year (31 March) will be excluded from the calculation for the year under report, but included in the following year's reported figure, because the company will not yet know if it was resolved.</p>
Specific exclusions	<p>Social media contacts will be excluded where the customer has not subsequently provided their details via a direct message. These have to be excluded as the company has no means to record the contact made on the customers' account if they have not provided their details.</p> <p>This performance commitment relates to contact from households only. Contacts from retailers, developers and other stakeholders are not covered by this performance commitment but are managed through the respective service level agreements in place.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	% 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% residential retail

Unique Reference	PR19SES_D.1
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	80.0	82.5	85.0	87.5	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.003261
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.7 Greenhouse gas emissions

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

Benefits: The performance commitment helps mitigate the impact of climate change by reducing greenhouse gas emissions related to the company's activities.

Performance commitment definition and parameters

Unique Reference	PR19SES_E.2
Detailed definition of performance measure	<p>Net annual operational greenhouse gas emissions measured in kilograms carbon equivalent (kgCO₂e) per million litres (MI) of water put into supply.</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, and water treatment.</p> <p>As the measure tracks reductions in net operational emissions, renewable energy generation and green energy purchase will be included and offset from the operational carbon emissions in the measurement.</p>
Additional detail on measurement units	<p>Operational emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook.</p> <p>The measure includes all scope 1, 2 and 3 emissions, these are defined as:</p> <ul style="list-style-type: none"> • Scope 1 - Direct emissions from owned or controlled sources • Scope 2 - Indirect emissions from the generation of purchased energy

Unique Reference	PR19SES_E.2
	<ul style="list-style-type: none"> • 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>The following key data will be collected to calculate operational emissions:</p> <ul style="list-style-type: none"> • Electricity and gas used (by source type) at all operational sites and at the Company's head office • Gasoil used (by source type) at all operational sites and at the Company's head office • Diesel (by source type) and petrol usage by Company employees and contractors carrying out operational work • Sludge to landfill • Refrigerant gases. <p>Water put into supply is equal to distribution input for the year. Distribution input is defined as the average amount (per day) of potable water entering the distribution network within the Company's area of supply and is multiplied by the number of days and fed in to the calculation of this performance commitment.</p> $\text{GHG emissions} = \frac{\text{operational emissions}}{\text{distribution input per day} \times 365}$
Specific exclusions	Operational greenhouse gas emissions from use of public transport for business travel are not included as it is considered to have no material impact on the overall volume of emissions due to the limited use of public transport for business travel by the Company.
Reporting and assurance	<p>The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the international carbon reporting standard (ISO 14064, Part 1) and assured following an audit by the Certified Emissions Measurement and Reduction Scheme (CEMARS).</p> <p>The company will also report this measure in absolute terms, using both a 2019-20 baseline grid emissions factor and the actual year grid emissions factor, to provide transparency on reductions achieved through their own activities and those through national grid decarbonisation.</p>
Measurement unit and decimal places	kgCO ₂ e per Ml of water put into supply to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19SES_E.2
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	None
Links to relevant external documents	UKWIR Carbon Accounting Workbook International Carbon Reporting Standard CEMARS Greenhouse Gas Protocol Discover Water

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	kgCo2e/MI	NA	55	55	55	55	55
Enhanced underperformance collar	kgCo2e/MI		NA	NA	NA	NA	NA
Standard underperformance collar	kgCo2e/MI		NA	NA	NA	NA	NA
Underperformance deadband	kgCo2e/MI		NA	NA	NA	NA	NA
Outperformance deadband	kgCo2e/MI		NA	NA	NA	NA	NA
Standard outperformance cap	kgCo2e/MI		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Enhanced outperformance cap	kgCo2e/MI		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.001578
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.8 Pollution incidents

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

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

Performance commitment definition and parameters

Unique Reference	PR19SES_E.3
Detailed definition of performance measure	The number of severe pollution incidents that the company causes. These are category 1 and 2 incidents as categorised and reported by the Environment Agency (EA) on an annual basis, for pollution to land, air or water.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number to zero decimal places

Unique Reference	PR19SES_E.3
Measurement timing	Calendar year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
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	None
Links to relevant external documents	https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf

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

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
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

1.2.9 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	PR19SES_E.4
Detailed definition of performance measure	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

Unique Reference	PR19SES_E.4
	<p>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: Oaks and Woodcote average abstraction: The trigger threshold for this site is 43 Meters below ground level and it has a baseline of 8.2 MI/day Oaks and Woodcote peak abstraction: The trigger threshold for this site is 43 Meters below ground level during the equivalent of the company's WRMP peak week scenario and it has a baseline of 13.0 MI/day</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 trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of (4 MI/day minus 5 MI/day)*100 days = -100 MI. A negative number signifies an improved performance as average abstraction is less than the baseline.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Megalitres to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19SES_E.4
Timing of underperformance and outperformance payments	NA
Price control allocation	100% water resources
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels (Oaks and Woodcote average abstraction)

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Megalitre	NA	-7	-7	-7	-7	-7
Enhanced underperformance collar	Megalitre		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitre		NA	NA	NA	NA	NA
Underperformance deadband	Megalitre		NA	NA	NA	NA	NA
Outperformance deadband	Megalitre		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitre		NA	NA	NA	NA	NA
Enhanced outperformance cap	Megalitre		NA	NA	NA	NA	NA

Incentive rates (Oaks and Woodcote average abstraction)

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

Performance commitment levels (Oaks and Woodcote peak abstraction)

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Megalitre	NA	-12	-12	-12	-12	-12
Enhanced underperformance collar	Megalitre		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitre		NA	NA	NA	NA	NA
Underperformance deadband	Megalitre		NA	NA	NA	NA	NA
Outperformance deadband	Megalitre		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitre		NA	NA	NA	NA	NA
Enhanced outperformance cap	Megalitre		NA	NA	NA	NA	NA

Incentive rates (Oaks and Woodcote average abstraction)

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 Land based improvement - biodiversity

Purpose: This performance commitment measures the number of the company’s sites where the Wildlife Trust, an independent third party, has certified the site as meeting the necessary requirements for the Biodiversity Benchmark scheme.

Benefits: This performance commitment will protect and enhance biodiversity at the company’s sites.

Performance commitment definition and parameters

Unique Reference	PR19SES_E.5
Detailed definition of performance measure	Cumulative number of the company’s sites that achieve certification against the Wildlife Trust’s Biodiversity Benchmark in the 2020-25 period.
Additional detail on measurement units	<p>Achieving the Wildlife Trust’s Biodiversity Benchmark commits the company to completing the following steps:</p> <ul style="list-style-type: none"> • Preparation: ensuring the required systems are in place which could require adapting an existing environmental system or designing a new system. • Pre-assessment: identifying actions required to ensure the company are ready for the initial assessment. • Initial assessment: a biodiversity assessor will visit the site and carry out an assessment on the company’s Biodiversity Management Systems and their implementation against the requirements of the benchmark. Any issues identified will be highlighted and expected to be addressed within six months. • Main assessment: once any issues identified in the initial assessment have been addressed the assessor will return to carry out the main assessment. If there are any major issues outstanding, i.e. those which would prevent the assessor from making a recommendation for certification, the organisation will be allowed a period of six weeks to address them.

Unique Reference	PR19SES_E.5
	When the assessor is satisfied that all requirements of the Biodiversity Benchmark have been met they will submit their findings for independent scrutiny by a Quality Assurance Assessor (QAA). The assessor and the QAA will then make a recommendation to the appropriate Wildlife Trust (Surrey or Kent) as to whether the site should be awarded the Biodiversity Benchmark.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of sites achieving certification against the Wildlife Trust's Biodiversity Benchmark to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	Wildlife Trust's Biodiversity Benchmark

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	1	2	2	3	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	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.11 River based improvement - delivery of WINEP

Purpose: This performance measures the progress of the company in delivering 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 water resources 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	PR19SES_E.6
Detailed definition of performance measure	Cumulative number of WINEP projects delivered that had a confirmed 'Green' status as at 1 April 2019. The full list of included schemes is provided in [link to definition document to be included in Final Determination].
Additional detail on measurement units	In doing schemes, the company will consider the opportunities to: <ul style="list-style-type: none"> • work in collaboration with – and as part of – a number of partnerships to deliver scopes of work at a catchment level; • deliver outcomes faster than set in the WINEP; and • deliver multiple benefits by scheme in addition to the statutory requirements. 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 uncertain and had an amber status on 1 April 2019.
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	Cumulative number schemes completed each year 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	34% water resources 66% water network plus
Frequency of reporting	Annual
Any other relevant information	NA

Unique Reference	PR19SES_E.6
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	1	7	7	22	24
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	-0.00439
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.12 Water softening

Purpose: This performance commitment incentivises the company to fulfil its statutory obligations to partially soften water from its groundwater sources.

Benefits: This performance commitment improves the quality of treated water and results in reduced costs for customers through using less detergents, decreased replacement rates of household appliances, and reduced maintenance of boiler systems and pipework.

Performance commitment definition and parameters

Unique Reference	PR19SES_A.5
Detailed definition of performance measure	<p>The number of times that water treatment works meet the weekly target to partially soften water.</p> <p>The target for weekly average hardness is to be at or below 80 milligrams of Calcium per litre (mg Ca/l), based on a minimum of three samples per week.</p> <p>The five water treatment works which require softening under this measure are:</p> <ul style="list-style-type: none"> • Cheam • Elmer • Godstone • Kenley • Woodmansterne
Additional detail on measurement units	<p>As a minimum, the company will sample each treatment works that softens the water (currently five works) three times a week at the works outlet.</p> <p>If the company fails to meet the specified rate of sampling in any week on any given softening site then this will count as a failure for that site. The company must include all samples taken in a week to calculate the average even if more than three are taken.</p>

Unique Reference	PR19SES_A.5
	The maximum number of times that the company can pass the target is 260 in each year 52 weeks x 5 sites).
Specific exclusions	The measure excludes the results of random samples taken at customers' taps.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of times that water treatment works meet the weekly target reported to zero 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
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	<p>The company has obligations to provide softened water to around 239,000 properties. Its water softening obligations date from 1862 (the Caterham Spring Water Company Act) and 1903 (Sutton District Waterworks Act as amended in 1983).</p> <p>In one act the level of hardness is defined and in the other it is just required to soften the water.</p> <p>In an average year these sites provide around 81% of the water supplied to its customers.</p> <p>The company states it has proposed to the local authority (with jurisdiction to enforce) and communicated to the Drinking Water Inspectorate (DWI), that it has set itself a target level of water softening of 80 mg Ca/l of calcium (reducing the calcium content from an average of around 120 mg Ca/l when it comes out of the ground) in treated water across the five sites, which is less stringent than the limit set in the Sutton District Act that covers part of SES supply zone (68 mg Ca/l). According to the company the local authority has raised no concerns regarding the company's proposed target.</p>
260Links 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	260	260	260	260	260
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	-0.02115
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.13 Perception of value for money

Purpose: The purpose of this performance commitment is to incentivise the company to deliver a water service that represents value for money for residential customers.

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

Performance commitment definition and parameters

Unique Reference	PR19SES_B.6
Detailed definition of performance measure	<p>The percentage of customers each year that answer 1 (very dissatisfied) or 2 (dissatisfied) to the question:</p> <p>"Using a scale of 1 to 5 where 1 is very dissatisfied and 5 is very satisfied, how satisfied or dissatisfied are you with the value for money of the water services provided? Please remember it is just your water supply we are talking about and not your sewerage service which is supplied by a different company. So, in terms of value for money for your water supply, how satisfied are you?"</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). The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment. Quotas will be included to ensure that in total the respondents represent the customer base, e.g. age, socio-economic group, location. The method of surveying customers, e.g. online, phone, will be chosen to achieve a robust and representative sample. Both the survey method and sample size will be set in advance each year.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No further requirements.
Measurement unit and decimal places	Percentage of household customers, reported to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and	NA

Unique Reference	PR19SES_B.6
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	9	8	7	6	6
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.14 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	PR19SES_NEP01
Detailed definition of performance measure	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
Additional detail on measurement units	<p>The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.</p>
Specific exclusions	None

Unique Reference	PR19SES_NEP01
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
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	met	met	met	met	met
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

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
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

Annex 1: Key performance commitments for SES Water

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

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

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

Key common performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 15% reduction in annual level of leakage by 2025 from the 2020 level⁵ 	$\frac{(20.4 - 24) \text{ Ml/d}}{24 \text{ Ml/d}} \times 100 = -15\%$
<ul style="list-style-type: none"> 7% reduction in per capita consumption by 2024-25 	$\frac{(136 - 146) \text{ Ml/d}}{146 \text{ Ml/d}} \times 100 = -7\%$
<ul style="list-style-type: none"> 7% increase in water supply interruptions by 2024-25 	$\frac{3 \text{ min} - 2 \text{ min } 48 \text{ sec}}{2 \text{ min } 48 \text{ sec}} \times 100 = +7\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 15% increase in the share of customer contacts, including enquiries and complaints, that are resolved on first contact by 2024-25 	$\frac{(78.3 - 146)\%}{90\%} \times 100 = +15\%$
<ul style="list-style-type: none"> 29% increase in the number of projects completed to deliver the outcomes associated with WINEP by 2024-25 	$\frac{(18 - 14) \text{ nr projects}}{14 \text{ nr projects}} \times 100 = +29\%$

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

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

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