

July 2019

Trust in water

# PR19 draft determinations

**South Staffs Water – Outcomes performance  
commitment appendix**

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

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

## **1.1 Common performance commitments**

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

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

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

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

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

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

### 1.1.1 Water quality compliance (CRI)

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SSC_D1</b>
<b>Detailed definition of performance measure:</b>	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 at <a href="http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf">http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf</a>
<b>Additional detail on measurement units:</b>	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations).
<b>Specific exclusions:</b>	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
<b>Reporting and assurance:</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Numerical CRI score, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus

<b>Unique Reference</b>	<b>PR19SSC_D1</b>
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	DWI publishes provisional CRI scores in April each year for the previous calendar year. Final scores are published in July of each year in their annual water quality reports.
<b>Links to relevant external documents</b>	<a href="http://www.dwi.gov.uk/about/annual-report/index.htm">http://www.dwi.gov.uk/about/annual-report/index.htm</a>

### Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.267
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	PR19SSC_D2
<b>Detailed definition of performance measure</b>	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27<sup>th</sup> March 2018:  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf</a></p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>
<b>Additional detail on measurement units</b>	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p>

<b>Unique Reference</b>	<b>PR19SSC_D2</b>
	Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	ODI rate applies on a per minute basis.
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	HH:MM:SS	NA	00:05:24	00:04:48	00:04:12	00:03:36	00:03:00
<b>Enhanced underperformance collar</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	HH:MM:SS		00:21:36	00:21:36	00:21:36	00:21:36	00:21:36
<b>Underperformance deadband</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	HH:MM:SS		00:01:52	00:01:47	00:01:42	00:01:36	00:01:30
<b>Enhanced outperformance cap</b>	HH:MM:SS		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.237
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.197
<b>Outperformance payment - enhanced</b>	NA

### 1.1.3 Leakage (South Staffs region)

**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 25% from 2019-20 to 2024-25. This is a different figure to 20.5% in the table below as the performance commitment is measured on a three-year average to smooth annual variations due to weather.

**Performance commitment definition and parameters**

Unique Reference	PR19SSC_C1
<p><b>Detailed definition of performance measure</b></p>	<p>The percentage reduction of three year average leakage in megalitres per day (MI/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on the 27<sup>th</sup> March 2018:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (MI/d).</p>
<p><b>Additional detail on measurement units</b></p>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (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>

<b>Unique Reference</b>	<b>PR19SSC_C1</b>
	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.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in megalitres per day (MI/d).
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	2.5	5.8	10.7	15.6	20.5
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		-5.0	-5.0	-5.0	-5.0	-5.0
<b>Underperformanc e deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		6.8	10.0	14.9	19.8	24.8
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.235
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.196
Outperformance payment - enhanced	NA

### 1.1.4 Leakage (Cambridge region)

**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 13.8% 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	PR19SSC_C2
<b>Detailed definition of performance measure</b>	<p>The percentage reduction of three year average leakage in megalitres per day (MI/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on the 27<sup>th</sup> March 2018:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (MI/d).</p>
<b>Additional detail on measurement units</b>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (MI/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any</p>

Unique Reference	PR19SSC_C2
	<p>differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if a company does not meet its 2019-20 leakage target, the company's 2019-20 baseline will be adjusted downwards by one third of the difference between the annual value derived from the 2019-20 PR14 committed annual performance level and the corresponding actual annual value using the PR14 calculation of leakage set out in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report leakage as a three year average in Ml/d to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (Ml/d) reported to one decimal place.</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline.

<b>Unique Reference</b>	<b>PR19SSC_C2</b>
	Incentive payments relate to performance changes expressed in megalitres per day (Ml/d).
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	2.9	5.1	8.0	10.9	13.8
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.254
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.211
Outperformance payment - enhanced	NA

### 1.1.5 Per capita consumption (South Staffs region)

**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	PR19SSC_C3
<b>Detailed definition of performance measure</b>	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/">https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
<b>Additional detail on measurement units</b>	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20</p>

<b>Unique Reference</b>	<b>PR19SSC_C3</b>
	baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	0.4	0.5	0.7	0.8	1.0
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.181
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.125
Outperformance payment - enhanced	NA

### 1.1.6 Per capita consumption (Cambridge region)

**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	PR19SSC_C4
<b>Detailed definition of performance measure</b>	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/">https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
<b>Additional detail on measurement units</b>	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20</p>

<b>Unique Reference</b>	<b>PR19SSC_C4</b>
	baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	1.2	2.5	3.7	5.0	6.3
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.025
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.021
Outperformance payment - enhanced	NA

### 1.1.7 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	PR19SSC_D4
<b>Detailed definition of performance measure</b>	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 <sup>th</sup> March 2018. <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</a> It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
<b>Additional detail on measurement units</b>	Mains repairs – This includes all physical repair work to mains from which water is lost. Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company's active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.

<b>Unique Reference</b>	<b>PR19SSC_D4</b>
<b>Measurement unit and decimal places</b>	Number of repairs per 1000km of mains, reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	number	NA	120.0	120.0	120.0	120.0	120.0
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		180.0	180.0	180.0	180.0	180.0
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Standard outperformance cap</b>	number		102.0	102.0	102.0	102.0	102.0
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.056
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.019
<b>Outperformance payment - enhanced</b>	NA

### 1.1.8 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	PR19SSC_D5
<b>Detailed definition of performance measure</b>	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on the on 4th April 2019.</p> <p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf</a></p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by</p>

<b>Unique Reference</b>	<b>PR19SSC_D5</b>
	<p>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 (Ml/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
<b>Additional detail on measurement units</b>	See reporting guidance for additional detail.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report its current company level peak week production capacity (PWPC) (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.
<b>Measurement unit and decimal places</b>	Percentage of peak week production capacity, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	89.9% water network plus 10.1% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	1.70	1.70	1.70	1.70	1.70
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.547
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.362
<b>Outperformance payment - enhanced</b>	NA

### 1.1.9 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	PR19SSC_D3
<b>Detailed definition of performance measure</b>	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on the 13th March 2018: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf</a></p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
<b>Additional detail on measurement units</b>	<p>The metric will be calculated using the following formula:  <i>At risk if, <math>DO - OA &lt; DD + TH</math></i></p> <p>Where:                      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>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	As defined in the reporting guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA

<b>Unique Reference</b>	<b>PR19SSC_D3</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

## Incentive rates

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

### 1.1.10 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	PR19SSC_B4
<b>Detailed definition of performance measure</b>	<p>This common performance commitment is defined in the reporting guidance: PR19 draft determinations: Reporting guidance – Common performance commitment for the Priority Service Register</p> <p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> <li>• The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company's PSR;</li> <li>• Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period;</li> <li>• Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period.</li> </ul> <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
<b>Additional detail on measurement units</b>	<p>The performance commitment is calculated using the following formulas:</p>

Unique Reference	PR19SSC_B4
	$PSR\ Reach = \left( \frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left( \frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left( \frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <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><b>PSR reach:</b> companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p><b>PSR data-checking:</b> Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p>
Measurement unit and decimal places	<p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>Attempted contacts: percentage of applicable households, reported to one decimal place</p>
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance	NA

<b>Unique Reference</b>	<b>PR19SSC_B4</b>
<b>and outperformance payments</b>	
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	'Reporting guidance – Common performance commitment for the Priority Service Register'

### Performance commitment levels

		<b>Initial level</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level: Reach</b>	%	NA	6.1	6.6	7.1	7.5	8.0
<b>Performance commitment level: Actual contact</b>	%		25.0	50.0	50.0	50.0	50.0
<b>Performance commitment level: Attempted contact</b>	%		45.0	90.0	90.0	90.0	90.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

### Incentive rates

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

#### 1.1.11 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

<b>Unique Reference</b>	<b>PR19SSC_A1</b>
<b>Detailed definition of performance measure</b>	<p>C-MeX is a composite measure of customer satisfaction. A company's C-MeX score is calculated as the weighted average of customer satisfaction (CSAT) scores and net promoter scores (NPS), from customer service (CS) and customer experience (CE) surveys. Standard and enhanced payments under C-MeX depend on a company's performance relative to those of the other companies.</p> <p>Higher performance payments are available if the company passes each of the following three 'gates':</p> <ol style="list-style-type: none"> <li>1. is one of the top three performers by C-MeX score;</li> </ol>

Unique Reference	PR19SSC_A1
	<p>2. has lower than the industry average number of complaints (per 10,000 connections); and</p> <p>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>
<p><b>Additional detail on measurement units</b></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><b>SD score = (company C-MeX – C-MeX mean) / C-MeX SD</b></p> <p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> <p><b>C-MeX score = (40% CS CSAT) + (40% CE CSAT) + (20% combined CS and CE NPS)</b></p> <p>CSAT and NPS scores are normalised to a scale of 0 to 100. Three points are deducted from the C-MeX score if the company fails to offer at least five channels (including at least three on-line), to receive customer contacts and complaints.</p> <p>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p> <p><b>C-MeX ASUQ = C-MeX Mean + (UKCSI ASUQ - UKCSI Mean) / UKCSI SD * C-MeX SD</b></p> <p>where:</p> <ul style="list-style-type: none"> <li>• 'C-MeX Mean' is the mean average of all water companies' C-MeX scores,</li> <li>• 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys),</li> <li>• 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year,</li> </ul>

<b>Unique Reference</b>	<b>PR19SSC_A1</b>
	<ul style="list-style-type: none"> <li>• 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year, and</li> <li>• 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies.</li> </ul>
<b>Specific exclusions</b>	As set out in the PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'
<b>Reporting and assurance</b>	Reporting and assurance should be in the form and manner set out in the guidance <sup>1</sup>
<b>Measurement unit and decimal places</b>	Score out of 100, to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational and revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The company's C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in 'South Staffs Water draft determination' and 'South Staffs Water – Allowed revenue appendix').
<b>Links to relevant external documents</b>	PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'.

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

## Incentive rates

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

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

### 1.1.12 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	PR19SSC_A2
<p><b>Detailed definition of performance measure</b></p>	<p>D-MeX is a composite measure of customer satisfaction. A company's D-MeX score is calculated from the weighted average of its:</p> <ul style="list-style-type: none"> <li>• qualitative D-MeX score, based on scores from a customer satisfaction survey based on transactions; and</li> <li>• quantitative D-MeX score, based on the company's performance against a set of Water UK performance metrics.</li> </ul> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score are<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>W1.1 Pre-development enquiry – reports issued</li> <li>W2.1 s45 applications – written acknowledgment</li> <li>W3.1 s45 quotations</li> <li>W4.1 s45 service pipe connections</li> <li>W5.1 Mains design – written acknowledgment</li> <li>W6.1 Mains design &lt;500 plots - quotations</li> <li>W7.1 Mains design &gt;500 plots - quotations</li> <li>W8.1 Mains construction</li> <li>W16.1 Mains diversions – written acknowledgement</li> <li>W17.1 Mains diversions (without constraints) - quotations</li> <li>W17.2 Mains diversions (with constraints) - quotations</li> <li>W18.1 Mains diversions - construction/commissioning</li> <li>W19.1 Self-lay point of connection applications – written acknowledgement</li> <li>W20.1 Self-lay Point of Connection report &lt; 500 plots etc. - reports issued</li> <li>W21.1 Self-lay Point of Connection reports &gt;500 plots etc. - reports issued</li> </ul>

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

Unique Reference	PR19SSC_A2
	<p>W22.1 Self-lay design approval and terms request – written acknowledgement                      W23.1 Self-lay design and terms request &lt;500 plots etc. - quotations                      W24.1 Self-lay design and terms request &gt;500 plots etc. - quotations                      W25.1 Self-lay signed agreement - acknowledgements                      W26.1 Self-lay water for pressure/bacteriological testing - provided                      W27.1 Self-lay permanent water supply - provided                      W28.1 Self-lay vesting certificates - issued                      W29.1 Self-lay Asset Payments - issued                      W30.1 Self-lay plot references and costing details - issued                      S1.1 Pre-development enquiry – reports issued                      S2.1 Sewer requisition – written acknowledgement                      S3.1 Sewer requisition design – offers issued                      S4.1 Sewer requisition – constructed and commissioned                      S5.1 Technical vetting of adoptions &amp; diversions - acknowledgements                      S6.1 Technical vetting of adoptions &amp; diversions – approval or rejection letters                      S7.1 Adoption legal agreement – draft agreements issued                      S8.1 s106 sewer connection - approval letters issued</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company’s D-MeX score is calculated using the following formula:</p> <p><b>D-MeX score = (50% Qual) + (50% Quant)</b></p> <p>Where:</p> <ul style="list-style-type: none"> <li>• ‘Qual’ is a combination of the overall satisfaction score given by developer customers surveyed in the customer satisfaction survey; and</li> <li>• ‘Quant’ is a combination of Water UK performance metrics which have non-zero volumes.</li> </ul>
<p><b>Specific exclusions</b></p>	<p>As set out in the PR19 DD C-MeX and D-MeX ‘Delivering outcomes for customers policy appendix’.</p>
<p><b>Reporting and assurance</b></p>	<p>Reporting and assurance should be in the form and manner set out in the guidance<sup>4</sup></p>
<p><b>Measurement unit and decimal places</b></p>	<p>Score out of 100, to two decimal places</p>

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

<b>Unique Reference</b>	<b>PR19SSC_A2</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational and revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The company's D-MeX payments are calculated by multiplying its incentive rate by its annual developer services revenue.
<b>Links to relevant external documents</b>	PR19 DD C-MeX and D-MeX 'Delivering outcomes for customers policy appendix'

## Incentive rates

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

**Purpose:** The purpose of this performance commitment is to incentivise the company to work with non-household retailers so that the retail market can best serve businesses, charities and public sector organisations.

**Benefits:** Improving the interaction between the company as a wholesale provider of water and wastewater services and retail providers will enable the retail market to work effectively and ultimately drive the industry to provide better service at lower cost for all customers.

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_A3
<b>Detailed definition of performance measure</b>	<p>This measure is an average of three metrics:</p> <ul style="list-style-type: none"> <li>• Retailer satisfaction score. The company will ask each retailer that it is the wholesaler for quarterly for a satisfaction score from 1 to 10, with ten being the highest satisfaction. It will also ask for a satisfaction score following a complaint. The average scores throughout the reporting year will be multiplied by 10 to give the retailer satisfaction score.</li> <li>• Market performance standards (MPS). Reported by MOSL and measures performance against standards in the market terms and code subsidiary documents. The maximum is 100.</li> </ul>

<b>Unique Reference</b>	<b>PR19SSC_A3</b>
	<ul style="list-style-type: none"> <li>Operational performance standards (OPS). Measuring performance against standards in operational terms. The maximum is 100.</li> </ul> <p>The above three metrics are then combined using the following equation:  <i>Retailer satisfaction score + compliance with MPS + compliance with OPS / 3 = combined retailer service score</i></p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will separately report the MPS/OPS and retailer satisfaction scores in its annual reporting.
<b>Measurement unit and decimal places</b>	Percentage to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	<a href="https://www.mosl.co.uk/market-performance">https://www.mosl.co.uk/market-performance</a>

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	93.3	93.3	93.3	93.3	93.3
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA

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

### Incentive rates

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

### 1.2.2 Financial support

**Purpose:** This performance commitment incentivises the company to increase the number of household customers that receive help with their water bills using financial assistance schemes such as the social tariff, Charitable Trust and payment plans.

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SSC_B1</b>
<b>Detailed definition of performance measure</b>	The number of household customers the company helps with water bills using financial assistance schemes

Unique Reference	PR19SSC_B1
	<p>including the social tariff (Assure), WaterSure, Charitable Trust and payment plans.</p> <p>The company will measure the number of household customers supported on a financial year basis, as a proportion of the total number of household customers. If a customer is in receipt of a form of financial help for only part of a financial year this customer would be counted towards the metric.</p> <p>Where a customer receives help from more than one type of financial assistance scheme the customer will only be counted once towards this measure.</p> <p>Should the company wish to add other types of financial support to the calculation of this performance commitment, it should agree this in advance with CCWater and its customer challenge group.</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of customers to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance only
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<p>The company has stated that if customer support for increased levels of performance increases in its next round of testing in 2019-20, it will outperform this measure. The company has committed to this further round of testing for customer support. We note the company's suggestion that it will have a more comprehensive suite of support available for PR19 than it does currently.</p>
<b>Links to relevant external documents</b>	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	32,000	34,000	36,000	38,000	40,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.000006
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.3 Extra care assistance

**Purpose:** This performance commitment incentivises the company to increase the number of household customers in vulnerable circumstances that receive extra support through the Extra Care scheme.

**Benefits:** This performance commitment helps ensure that customers in vulnerable circumstances receive the support that they need.

**Performance commitment definition and parameters**

Unique Reference	PR19SSC_B2
<b>Detailed definition of performance measure</b>	<p>Percentage of customers on the Priority Services Register supported through the company's 'Extra Care' scheme.</p> <p>This support scheme includes additional meter reads, referral fast-track, a dedicated call team, voice assistant, tailored communications and links to partnership and advice providers. Customers receiving this support will also have access to online and mobile technology which features specifically tailored support.</p> <p>Customers may receive some or all of the components of the Extra Care package to be counted as being on the scheme.</p> <p>This measure does not include financial support, this is captured in a separate performance commitment.</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance only
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	5.0	5.0	5.0	5.0	5.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.032232
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.4 Education activity

**Purpose:** This performance commitment is designed to incentivise the company to deliver high quality education services to its customers in order to raise awareness about the value of water.

**Benefits:** Successful delivery of the educational programme will help the company reduce water demand.

### Performance commitment definition and parameters

Unique Reference	PR19SSC_B3
<b>Detailed definition of performance measure</b>	<p>The number of people who have received the company's education services each year.</p> <p>The focus of the education activities provided by the company will be related to increasing awareness of the value of water as well as water efficiency and demand reduction.</p> <p>Education services will be delivered through a variety of routes including assemblies and more detailed workshops. Education services will be cross-curricular and targeted to the specific age group and ability concerned. In order to ensure quality of engagement, the company will only claim a maximum of 30 individuals per session. Each individual will receive a minimum of 60 minutes receiving education in sessions.</p> <p>Each assembly and workshop will include a range of introductory and follow up activities so that teachers can choose the work that best suits their class.</p> <p>The company will also provide facilitation handbooks and a 'how to' delivery guide to enable future delivery by staff and teachers.</p>
<b>Additional detail on measurement units</b>	<p>Individuals who receive education services will be encouraged to provide feedback to the company where they are prompted to provide information on how useful the session was and how likely they are to change their behaviour as a result.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will, at least once during the five year period, publish a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence. This will include the relative success of different activity types and approaches. The company should also consider other ways to share learning with other companies and wider stakeholders.</p>
<b>Measurement unit and decimal places</b>	Number of people to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments

<b>Unique Reference</b>	<b>PR19SSC_B3</b>
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	8.1% water resources 91.9% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	6,000	6,000	6,000	6,000	6,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		7,000	7,000	7,000	7,000	7,000
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000015
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000008
Outperformance payment - enhanced	NA

### 1.2.5 Environmentally sensitive water abstraction

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_C5
Detailed definition of performance measure	<p>The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included two sites for AIM for the period 2020-25:</p> <p>Hagley Pumping station: The trigger threshold for this site is not applicable as any abstraction from this site will result in underperformance payments, it has a baseline of zero MI/day.</p> <p>Horseheath Pumping station: The trigger threshold for this site is 1.4 MI/d, this groundwater abstraction has a baseline of 3.0 MI/day</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published on the 29th February 2016: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</a></p>

Unique Reference	PR19SSC_C5
<b>Additional detail on measurement units</b>	<p>AIM performance is measured in megalitres (MI) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at 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> <p>To define its final performance the company will apply the following equation to normalise the performance:</p> <p>Normalised AIM performance = [Site AIM performance in MI] / (baseline average daily abstraction * length of period when river flows are at or below the trigger threshold)</p>
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Normalised AIM performance to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None

<b>Unique Reference</b>	<b>PR19SSC_C5</b>
<b>Links to relevant external documents</b>	None

### Outperformance commitment levels (Both sites)

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0982
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.0491
<b>Outperformance payment - enhanced</b>	NA

## 1.2.6 Supporting water efficient house building

**Purpose:** This performance commitment is designed to incentivise the company to work with developers in order to promote the design and building of more water efficient properties.

**Benefits:** This performance commitment will help the company increase levels of water efficiency by reducing the demand for water from new households built.

### Performance commitment definition and parameters

Unique Reference	PR19SSC_C6
<p><b>Detailed definition of performance measure</b></p>	<p>The total volume of water saved as a result of new residential properties built to Home Quality Mark (HQM) or Building Research Establishment’s Environmental Assessment method (BREEAM) accreditation standards which meet the 100 litres per person per day water efficiency level.</p> <p>The company introduced water efficiency incentives within its developer charges scheme from April 2018. These incentives (in the form of a charges rebate) are applicable to all new build Building Research Establishment (BRE) accredited properties; HQM for housing, and the BREEAM for high rise residential developments.</p> <p>The company will extend its developer engagement, and work with developers / BRE to raise awareness of the incentive and the wider expertise on water efficiency that it can provide.</p> <p>The HQM and BREEAM standards are established, externally controlled and assessed by BRE and their affiliates, and are recognised across the developer and building industry.</p> <p>The megalitres saved will be calculated based upon the standards listed above. The company will document and keep records of all the buildings and developments that qualify for inclusion within this performance commitment and how the calculation of the total megalitres saved has been derived.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The 2024-25 performance commitment level (30.6 megalitres) is the total volume of water saved as a result of new residential properties built to HQM or BREEAM accreditation standards which meet 100 litres per person per day water efficiency level.</p>
<p><b>Specific exclusions</b></p>	<p>This performance commitment is focussed on a small subset of customers (new properties built to the above standards) and is not relevant to existing customers.</p>

<b>Unique Reference</b>	<b>PR19SSC_C6</b>
<b>Reporting and assurance</b>	Cumulative progress will be measured annually throughout 2020-2025 on 31 March through the Annual Performance Report (APR). The cumulative total on 31 March 2025 will represent the five-year total.
<b>Measurement unit and decimal places</b>	Megalitres saved reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	<ul style="list-style-type: none"> <li>• <a href="#">BREEAM</a></li> <li>• <a href="#">Home quality mark</a></li> </ul>

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Megalitres	NA	1.9	3.8	7.7	15.3	30.6
<b>Enhanced underperformance collar</b>	Megalitres		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Megalitres		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Megalitres		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Megalitres		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Standard outperformance cap</b>	Megalitres		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Megalitres		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.2.7 Protecting wildlife, plants, habitats and catchments

**Purpose:** This performance commitment is designed to incentivise the company to increase the amount of land that is enhanced by its land management and biodiversity activities.

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

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_C7
<b>Detailed definition of performance measure</b>	<p>The area of land, in hectares, that the company actively manages to protect wildlife, plants, habitats and catchments.</p> <p>This performance commitment is structured around the following components.</p> <ul style="list-style-type: none"> <li>Projects to protect, restore and enhance any National Environment Research Council (NERC) section 41 species and habitats that are present on any land the</li> </ul>

Unique Reference	PR19SSC_C7																																										
	<p>company owns or manages to prevent deterioration of populations and habitats.</p> <ul style="list-style-type: none"> <li>• Investigations and implementation of river restoration projects on chalk streams and rivers to improve habitats and maximise flow for brown trout.</li> <li>• Delivery of partnership projects aiming to prevent the introduction and spread of invasive species. These projects will reduce the risk of spread of invasive non-native species (INNS) on the land the company owns or manages and will prevent deterioration of a waterbody or meet the conservation objectives of a site of special scientific interest (SSSI) or Habitats Directive (HD) site.</li> <li>• Continuation of the company's 'PEBBLE' fund to support projects in the area that have a biodiversity benefit, including tree planting schemes.</li> <li>• The company will also include the area of land where it has undertaken catchment management activity which seeks to maintain and improve the river environment and adjacent land via the implementation of measures to protect and improve raw water quality and the environment.</li> </ul> <p>The performance commitment comprises both Water Industry National Environment Programme (WINEP) related and additional activity. The WINEP schemes included are all NERC or INNS primary driver codes. The performance commitment does not include catchment schemes that are in WINEP, but does include biodiversity related schemes from the company's overall catchment programme.</p> <p>The table below outlines the expected components of the committed performance level.</p> <table border="1" data-bbox="576 1451 1390 1973"> <thead> <tr> <th></th> <th>2020-21</th> <th>2021-22</th> <th>2022-23</th> <th>2023-24</th> <th>2024-25</th> </tr> </thead> <tbody> <tr> <td>Green WINEP (schemes nr)</td> <td>6</td> <td>6</td> <td>6</td> <td>6</td> <td>6</td> </tr> <tr> <td>Green WINEP (hectares)</td> <td>0</td> <td>16</td> <td>32</td> <td>58</td> <td>64</td> </tr> <tr> <td>Amber WINEP (schemes nr)</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Amber WINEP (hectares)</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Non WINEP activity (hectares)</td> <td>194</td> <td>304</td> <td>419</td> <td>534</td> <td>626</td> </tr> <tr> <td>Total (hectares)</td> <td>194</td> <td>320</td> <td>451</td> <td>592</td> <td>690</td> </tr> </tbody> </table>		2020-21	2021-22	2022-23	2023-24	2024-25	Green WINEP (schemes nr)	6	6	6	6	6	Green WINEP (hectares)	0	16	32	58	64	Amber WINEP (schemes nr)	0	0	0	0	0	Amber WINEP (hectares)	0	0	0	0	0	Non WINEP activity (hectares)	194	304	419	534	626	Total (hectares)	194	320	451	592	690
	2020-21	2021-22	2022-23	2023-24	2024-25																																						
Green WINEP (schemes nr)	6	6	6	6	6																																						
Green WINEP (hectares)	0	16	32	58	64																																						
Amber WINEP (schemes nr)	0	0	0	0	0																																						
Amber WINEP (hectares)	0	0	0	0	0																																						
Non WINEP activity (hectares)	194	304	419	534	626																																						
Total (hectares)	194	320	451	592	690																																						

<b>Unique Reference</b>	<b>PR19SSC_C7</b>
<b>Additional detail on measurement units</b>	<p>Where there is no defined hectarage for a project, the area of land claimed will be based on professional judgement of the functional ecosystems benefitting from the activity and agreed with Natural England and/or the Environment Agency.</p> <p>The company will keep records of the activities and expected benefit of those actions for each area reported. This will include the view of interested stakeholders if the areas reported are actively managed through one or more of the components listed above. Interested stakeholders will involve any group that has an interest in the activity and could include the Environment Agency, Natural England Wildlife Trusts, or another recognised environmental NGO (e.g. the RSPB).</p>
<b>Specific exclusions</b>	Excludes WINEP schemes that were uncertain and had an amber status on 1 April 2019.
<b>Reporting and assurance</b>	<p>WINEP driven measures will be overseen by the Environment Agency and Natural England and the company must achieve their sign off to achieve completion at the end of the 2020-25 period. If the company is unable to deliver a requirement of the WINEP programme, the assigned hectares will be considered as an underperformance against the performance commitment target.</p> <p>The company will publish an assurance report each year from an appropriately qualified external third party that confirms the following.</p> <ul style="list-style-type: none"> <li>• The activity delivered constitutes ‘active management’ of the area reported and deliver benefits for the entire area.</li> <li>• Evidence that stakeholders agree the company is actively managing each area reported.</li> </ul>
<b>Measurement unit and decimal places</b>	Number of hectares to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus

<b>Unique Reference</b>	<b>PR19SSC_C7</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	Details of the company's biodiversity improvement fund ('PEBBLE') can be found here: <a href="https://www.south-staffs-water.co.uk/environment/biodiversity/pebble-fund">https://www.south-staffs-water.co.uk/environment/biodiversity/pebble-fund</a>

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Hectares	NA	194.0	320.0	451.0	592.0	690.0
<b>Enhanced underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Hectares		229.0	355.0	486.0	627.0	725.0
<b>Enhanced outperformance cap</b>	Hectares		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.002500
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.001250
<b>Outperformance payment - enhanced</b>	NA

## 1.2.8 Carbon 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 operational activities.

### Performance commitment definition and parameters

Unique Reference	PR19SSC_C8
<b>Detailed definition of performance measure</b>	<p>Operational carbon emissions expressed as kilograms per connected property.</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>
<b>Additional detail on measurement units</b>	<p>Operational emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook. The operational emissions are measured in kilograms carbon equivalent (kgCO<sub>2</sub>e) per million litres (MI) of water put into supply.</p> <p>The measure includes all scope 1, 2 and 3 emissions, these are defined as:</p> <ul style="list-style-type: none"> <li>• Scope 1 - Direct emissions from owned or controlled sources</li> <li>• Scope 2 - Indirect emissions from the generation of purchased energy</li> <li>• 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.</li> </ul> <p>The following key data will be collected to calculate operational emissions:</p> <ul style="list-style-type: none"> <li>• Electricity and gas used (by source type) at all operational sites and at the Company's head office</li> <li>• Gasoil used (by source type) at all operational sites and at the Company's head office</li> <li>• Diesel (by source type) and petrol usage by Company employees and contractors carrying out operational work</li> <li>• Sludge to landfill</li> <li>• Refrigerant gases.</li> </ul>

<b>Unique Reference</b>	<b>PR19SSC_C8</b>
	<p>The calculation of this performance commitment will be as follows:</p> $\text{kgCO}_2\text{e per property} = \frac{\text{operational emissions}}{\text{Total connected properties}}$
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<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>
<b>Measurement unit and decimal places</b>	Net operational carbon emissions expressed as kilograms per connected property reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	<p><a href="#">UKWIR Carbon Accounting Workbook</a>  <a href="#">Greenhouse Gas Protocol</a>  <a href="#">Discover Water</a></p>

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	kgCO <sub>2</sub> e per connected property	NA	68.0	68.0	66.0	64.0	61.0
<b>Enhanced underperformance collar</b>	kgCO <sub>2</sub> e per connected property		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	kgCO <sub>2</sub> e per connected property		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	kgCO <sub>2</sub> e per connected property		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	kgCO <sub>2</sub> e per connected property		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	kgCO <sub>2</sub> e per connected property		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	kgCO <sub>2</sub> e per connected property		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.9 Customer contacts about water quality

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

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

### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SSC_D6</b>
<b>Detailed definition of performance measure</b>	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 Drinking Water Inspectorate (DWI).
<b>Additional detail on measurement units</b>	The consumer contact classification guidance is published by the DWI as <i>Information Letter 1/2006</i> , 6 January 2006, at <a href="http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf">http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf</a> .  Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance and taste and odours will be included in this measure.
<b>Specific exclusions</b>	See DWI guidance for a full list of exclusions.
<b>Reporting and assurance</b>	The company is also required to report consumer contacts separately for appearance, taste and odour for the Discover Water website.
<b>Measurement unit and decimal places</b>	Number of consumer contacts per 1,000 population, reported to two decimal places
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on data from the calendar year 2020.
<b>Any other relevant information</b>	NA

<b>Unique Reference</b>	<b>PR19SSC_D6</b>
<b>Links to relevant external documents</b>	The Discover Water website link for appearance is at <a href="https://discoverwater.co.uk/colour">https://discoverwater.co.uk/colour</a> and taste and odour at <a href="https://discoverwater.co.uk/taste">https://discoverwater.co.uk/taste</a>

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	1.14	1.11	1.08	0.95	0.76
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-1.094
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.912
<b>Outperformance payment - enhanced</b>	NA

### 1.2.10 Visible leak repair time

**Purpose:** This performance commitment is designed to incentivise the company to reduce the number of days that it takes to repair visible leaks on its network.

**Benefits:** This performance commitment helps the company manage leakage by fixing leaks faster and reducing the duration of time the leak is active.

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_D7
Detailed definition of performance measure	<p>The number of days that the company takes to repair 90% of reported and visible leaks on its network, measured from the time the leak is found or reported.</p> <p>A visible leak is defined as a leak that is on the company's network (not customer-owned supply pipes or fittings) that has been:</p> <ul style="list-style-type: none"> <li>• reported to the company by a member of the public (any leak on the company's network reported by the public is assumed to have been sufficiently visible to be spotted); or</li> <li>• found by the company and is visible at the surface.</li> </ul> <p>The company will measure the time that it takes it to repair and reinstate the leak, starting from the point at which the visible leak was identified until the point at which the leak is repaired and reinstated.</p>
Additional detail on measurement units	The company will report the number of days that it takes to repair the leak at the ninetieth percentile of the repair time for a visible leak.
Specific exclusions	None.
Reporting and assurance	The company should provide clear and precise commentary in its 2020-21 annual performance report (APR) submission describing how it is reporting its performance of this performance commitment.
Measurement unit and decimal places	Number of days to zero decimal places
Measurement timing	Reporting year.
Incentive form	Revenue.
Incentive type	Outperformance and underperformance payments.
Timing of underperformance and outperformance payments	In-period.

<b>Unique Reference</b>	<b>PR19SSC_D7</b>
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<p>The metric is based on 90% of visible leaks being repaired as it means that the company will target the vast majority of leaks being repaired within its target time whilst making an allowance for those leaks which are more complex, which may be caused by:</p> <ul style="list-style-type: none"> <li>• Permitting constraints;</li> <li>• Complications if needing to work alongside other contractors, for example if a leaking pipe is situated next to a gas main; and</li> <li>• Complex shut downs and re-zoning. The need to rearrange the network to maintain supplies to customers.</li> </ul>
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Days	NA	6	5	4	4	4
<b>Enhanced underperformance collar</b>	Days		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Days		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Days		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Days		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Days		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Days		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.129
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.068
Outperformance payment - enhanced	NA

### 1.2.11 Water treatment works delivery programme

**Purpose:** This performance commitment incentivises the company to deliver its planned improvement to its water treatment works on time, ensuring that customers receive the benefits in the expected timeframe.

**Benefits:** The schemes associated with this performance commitment aim to improve the appearance, taste and odour of the water supply.

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_D8												
<b>Detailed definition of performance measure</b>	<p>This performance commitment measures the delivery of the company's water treatment works delivery programme. The relevant milestones are:</p> <table border="1"> <thead> <tr> <th>Estimated completion date</th> <th>Milestone</th> <th>Weight (%)</th> <th>Cumulative progress (%)</th> </tr> </thead> <tbody> <tr> <td>31 March 2023</td> <td>Hampton Loade treatment works upgrade: installation of 2nd stage filtration</td> <td>44.9</td> <td>44.9</td> </tr> <tr> <td>31 March 2024</td> <td>Seedy Mill treatment works upgrade: installation of 2nd stage filtration</td> <td>55.1</td> <td>100.0</td> </tr> </tbody> </table> <p>Completion is determined by full completion of the respective milestones when the measures are in operation and providing clear benefit to customers.</p>	Estimated completion date	Milestone	Weight (%)	Cumulative progress (%)	31 March 2023	Hampton Loade treatment works upgrade: installation of 2nd stage filtration	44.9	44.9	31 March 2024	Seedy Mill treatment works upgrade: installation of 2nd stage filtration	55.1	100.0
Estimated completion date	Milestone	Weight (%)	Cumulative progress (%)										
31 March 2023	Hampton Loade treatment works upgrade: installation of 2nd stage filtration	44.9	44.9										
31 March 2024	Seedy Mill treatment works upgrade: installation of 2nd stage filtration	55.1	100.0										
<b>Additional detail on measurement units</b>	NA												

<b>Unique Reference</b>	<b>PR19SSC_D8</b>
<b>Specific exclusions</b>	NA
<b>Reporting and assurance</b>	When each works is delivered the company will publish an assurance report by an appropriately qualified third party that confirms that the schemes have been delivered in line with the scope of the works set out in the company business plan.
<b>Measurement unit and decimal places</b>	Percentage scheme completion to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments. In addition, at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.315 per unit.
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	0.0	0.0	44.9	100.0	100.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0556
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.12 Bad debt level

**Purpose:** This performance commitment is designed to incentivise the company to reduce the level of bad debt charge that is incurred each year by residential customers.

**Benefits:** Reducing the level of the bad debt charge incurred by customers will help to ensure that bills are fair and affordable for all, particularly for customers in vulnerable circumstances.

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_E1
<b>Detailed definition of performance measure</b>	<p>The level of residential bad debt charge that the company incurs each year, expressed as percentage of total residential revenue.</p> <p>Bad debt is defined as money that is owed to the company, but that has not been paid; primarily because the customer who owes the money cannot or will not pay their bill.</p>

<b>Unique Reference</b>	<b>PR19SSC_E1</b>
<b>Additional detail on measurement units</b>	In the Annual Performance Report (APR), this is the doubtful debt value in table 2C, divided by the total residential revenue in table 2F.
<b>Specific exclusions</b>	NA
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	3.01	2.86	2.79	2.76	2.75
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA

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

### Incentive rates

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

### 1.2.13 Residential void properties and gap sites

**Purpose:** This performance commitment is designed to incentivise the company to bill all properties that use water.

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

### Performance commitment definition and parameters

Unique Reference	PR19SSC_E2
<b>Detailed definition of performance measure</b>	<p>The number of household properties validated, either as a billable property or as a void, by the company each year as a percent of the total number of household void properties and gap sites in the company's area.</p> <p>The company will obtain external third party data that covers properties in its entire supply area each year and will validate its billing system each year against this data.</p>

<b>Unique Reference</b>	<b>PR19SSC_E2</b>
	<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> <p>A gap site is identified as a property that is not recorded on the company's billing database.</p> <p>The total number of properties to review is set using third party and credit reference data and properties not appearing on the company's billing system will be checked and added if found to be a gap site ie a property which is connected for water supply but which the company does not have recorded on their billing system.</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	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.
<b>Reporting and assurance</b>	<p>The company will provide external third party assurance to verify the performance achieved and appropriate adherence to the methodology.</p> <p>The company will report the number of gap sites found each year by following this methodology and the number of void properties billed.</p>
<b>Measurement unit and decimal places</b>	Percentage of properties verified to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	Residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None

<b>Unique Reference</b>	<b>PR19SSC_E2</b>
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.006745
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.14 Employee engagement

**Purpose:** This performance commitment measures levels of employee satisfaction as well as incentivising the company to attain the ‘Investors in People’ accreditation.

**Benefits:** A motivated workforce will provide better service to customers.

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_E3
<b>Detailed definition of performance measure</b>	<p>The company will report “met” if two conditions are met</p> <ol style="list-style-type: none"> <li>1) The company achieves and maintains the ‘Investors in People’ (IIP) accreditation from 2021-22 and is on course to do this in 2020-21.</li> <li>2) The company improves its Net Promoter Score (NPS) by +10 points in the annual employee survey from the baseline position.</li> </ol> <p>If one or both conditions are not met the company will report “not met”.</p> <p>Net Promoter Scores (NPS) measure customer or employee experience and are compiled from surveys where customers or employees are asked how likely they are to recommend a company, product or service. The NPS approach is used to gauge the loyalty of an organisation’s customer relationships; the ‘customers’ in this case being the company’s employees.</p> <p>Investors in people is an internationally recognised accreditation targeted at people management.</p>
<b>Additional detail on measurement units</b>	The company will report on the 2019-20 baseline position for the NPS element of this performance commitment as part of its Annual Performance Report (2019-20). NPS scores in the period 2020-25 will be assessed annually against the baseline position.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Text, “met” or “not met”
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and</b>	NA

<b>Unique Reference</b>	<b>PR19SSC_E3</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

## Incentive rates

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

### 1.2.15 Treating our suppliers fairly

**Purpose:** This performance commitment measures how fairly the company treats small businesses that it works with and utilises as part of its supply chain.

**Benefits:** The performance commitment ensures all small business (<£6.5m annual turnover) that provide services to the company are paid promptly for their services and treated fairly.

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_E4
Detailed definition of performance measure	<p>The percentage of small businesses (&lt;£6.5m annual turnover) that the company pays within 30 days.</p> <p>This performance commitment is related to the company's compliance with the Department for Business, Energy and Industrial Strategy prompt payment code.</p> <p>The prompt payment code sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management. Compliance with the principles of the code is monitored and enforced by the prompt payment code compliance board. The code covers prompt payment (within 60 days, working towards 30 days as the norm), as well as wider payment procedures.</p> <p>As a code signatory, the company commits to the following.</p> <p><b>1) Pay suppliers on time</b></p> <ul style="list-style-type: none"> <li>• within the terms agreed at the outset of the contract</li> <li>• without attempting to change payment terms retrospectively</li> <li>• without changing practice on length of payment for smaller companies on unreasonable grounds.</li> </ul> <p><b>2) Give clear guidance to suppliers</b></p>

Unique Reference	PR19SSC_E4
	<ul style="list-style-type: none"> <li>• providing suppliers with clear and easily accessible guidance on payment procedures</li> <li>• ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers</li> <li>• advising them promptly if there is any reason why an invoice will not be paid to the agreed terms</li> </ul> <p><b>3) Encourage good practice</b></p> <ul style="list-style-type: none"> <li>• by requesting that lead suppliers encourage adoption of the code throughout their own supply chains.</li> </ul> <p>In addition to signing up to the code, the company will also measure the percentage of small businesses (&lt;£6.5m annual turnover) that it pays within 30 days.</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will provide assurance that it has signed up to, and is compliant, with the Department for Business, Energy and Industrial Strategy prompt payment code in order to count towards the achievement of this performance commitment.
<b>Measurement unit and decimal places</b>	Percentage of small businesses to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

## Performance commitment levels

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

## Incentive rates

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

### 1.2.16 Trust

**Purpose:** This performance commitment is designed to incentivise the company to measure and monitor the views of its customers in relation to their levels of trust in the company.

**Benefits:** This performance commitment will enable the company to measure customers’ levels of trust in the company and benchmark their performance against other sectors.

**Performance commitment definition and parameters**

Unique Reference	PR19SSC_F1
<p><b>Detailed definition of performance measure</b></p>	<p>Average survey score out of ten that reflects customers’ level of trust in the company.</p> <p>The performance commitment is a combination of two components that each have aligned scoring systems.</p> <ol style="list-style-type: none"> <li>1) The score of ‘trust’ obtained from the company’s quarterly tracker survey. The company will use a score of one to ten to align with the equivalent UK Customer Satisfaction Index (UKSCI) approach, which can be benchmarked against other sectors. This is the overall average of scores for the year.</li> <li>2) The score obtained from the annual CCWater survey ‘trust’ measure. This survey will also utilise a score of one to ten. <del>adopts a one to ten data set.</del></li> </ol> <p>Each of the two surveys will contribute 50% to the final reported value.</p> <p>The company survey component 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 should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The metric will enable the company to compare its trust scores with wider sectors through UKCSI’s regular benchmarking reports</p>
<p><b>Specific exclusions</b></p>	<p>None</p>
<p><b>Reporting and assurance</b></p>	<p>No specific requirements</p>
<p><b>Measurement unit and decimal places</b></p>	<p>Numeric score to two decimal places</p>
<p><b>Measurement timing</b></p>	<p>Reporting year</p>
<p><b>Incentive form</b></p>	<p>Reputational</p>
<p><b>Incentive type</b></p>	<p>NA</p>
<p><b>Timing of underperformance and</b></p>	<p>NA</p>

<b>Unique Reference</b>	<b>PR19SSC_F1</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	8.10	8.15	8.20	8.25	8.30
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.17 Value for money

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SSC_F2
Detailed definition of performance measure	<p>The proportion of customers satisfied that the company offers a value for money service.</p> <p>The company will combine its own quarterly tracker survey, measured as a percentage, with CCWater’s annual value for money survey, also measured as a percentage, to form a combined measure of value for money. Each survey will contribute 50% of the weight to the final reported value.</p> <p>Sample size for the company survey will be at least 1,200 customer interviews per year (at least 400 business customers and the remainder household customers), with representative samples of customers being contacted for feedback in both the South Staffs and Cambridge regions.</p> <p>The methodology will involve both telephone and online contacts. At least 600 interviews will be carried out by telephone.</p> <p>In the interests of consistency, the question and approach to coding answers used in the CCWater survey and the company’s survey will be identical.</p> <p>The company will ensure that its survey will 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>

<b>Unique Reference</b>	<b>PR19SSC_F2</b>
	<p>The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p> <p>The company's internal survey will be conducted by a suitably qualified external research agency.</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<p>The Customer Challenge Group (CCG) will review and challenge the reporting methodology and confirm the approach adheres to social research best practice and then review the quarterly results provided by the independent agency.</p> <p>The company will shadow report in 2019-20 following the appointment of the research agency.</p>
<b>Links to relevant external documents</b>	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	78	79	81	83	85
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.18 Delivery of Water Industry National Environment Programme requirements

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

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

**Performance commitment definition and parameters**

<b>Unique Reference</b>	<b>PR19SSC_NEP01</b>
<b>Detailed definition of performance measure</b>	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met.”</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
<b>Additional detail on measurement units</b>	<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>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
<b>Measurement unit and decimal places</b>	Text stating either “met” or “not met”.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19SSC_NEP01</b>
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

### Incentive rates

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

**Annex 1: Key performance commitments for South Staffs Water**

Details of the key performance commitments that we present in Table 1.2 of ‘South Staffs 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:

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

<b>Key common performance commitments</b>	
<b>Measure</b>	<b>Calculations</b>
<ul style="list-style-type: none"> <li>23% reduction in annual level of leakage by 2025 from the 2020 level<sup>5</sup> (15% in Cambridge and 25% in South Staffs).</li> </ul>	$\frac{[(11.5 + 53.0) - (13.5 + 70.5)]\text{Ml/d}}{(13.5 + 70.5)\text{Ml/d}} \times 100 = -23\%$ $\frac{(11.5 - 13.5)\text{Ml/d}}{13.5\text{Ml/d}} \times 100 = -15\%$ $\frac{(53.0 - 70.5)\text{Ml/d}}{70.5\text{Ml/d}} \times 100 = -25\%$
<ul style="list-style-type: none"> <li>1% reduction in per capita consumption by 2024-25 in South Staffs region, 6.3% reduction in Cambridge region.</li> </ul>	$\frac{(128 - 130)\text{Ml/d}}{130\text{Ml/d}} \times 100 = -1\%$ $\frac{(135-144)\text{Ml/d}}{144\text{Ml/d}} \times 100 = -6.3\%$
<ul style="list-style-type: none"> <li>57% reduction in water supply interruptions by 2024-25</li> </ul>	$\frac{(3 - 7)\text{min}}{7\text{min}} \times 100 = -57\%$
<b>Key bespoke performance commitments</b>	
<b>Measure</b>	<b>Calculations</b>
<ul style="list-style-type: none"> <li>396% increase in the area of land that the company actively manages to protect wildlife, plants, habitats and catchments by 2024-25.</li> </ul>	$\frac{(690 - 139)\text{ha}}{139\text{ha}} \times 100 = +396\%$

<sup>5</sup> Whilst the figures in the tables of the PR19 draft determinations: South Staffs 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 23% (from 2019-20 baseline) by 2024-25

<ul style="list-style-type: none"> <li>• 12% reduction in the amount of direct or indirect operational carbon emissions as a result of our operations, per connected property by 2024-25.</li> </ul>	$\frac{(61 - 69)kg/connected\ prop}{69kg/connected\ prop} \times 100 = -12\%$
<ul style="list-style-type: none"> <li>• 38% reduction in the number of customer contacts received each year about the appearance, taste and odour of water, or perceived illness by 2024-25.</li> </ul>	$\frac{(0.76 - 1.23)contacts/1000pop}{1.23contacts/1000pop} \times 100 = -38\%$

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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July 2019

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