

July 2019

Trust in water

PR19 draft determinations

Southern Water – Outcomes performance commitment appendix

PR19 draft determinations: Southern Water – Outcomes performance commitment appendix

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

1.1 Common performance commitments

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

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

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

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

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

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

1.1.1 Water quality compliance (CRI)

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN02
Detailed definition of performance measure:	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 at http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf
Additional detail on measurement units:	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations).
Specific exclusions:	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Numerical CRI score, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus

Unique Reference	PR19SRN_WN02
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	DWI publishes provisional CRI scores in April each year for the previous calendar year. Final scores are published in July of each year in their annual water quality reports.
Links to relevant external documents	http://www.dwi.gov.uk/about/annual-report/index.htm

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	0.00	0.00	0.00	0.00	0.00
Underperformance collar	number		14.20	14.17	13.55	11.24	9.50
Enhanced underperformance threshold	number		NA	NA	NA	NA	NA
Underperformance deadband	number		2.00	2.00	1.50	1.50	1.50
Outperformance deadband	number		NA	NA	NA	NA	NA
Enhanced outperformance threshold	number		NA	NA	NA	NA	NA
Outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.628
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	PR19SRN_WN03
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf</p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>
Additional detail on measurement units	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p>

Unique Reference	PR19SRN_WN03
	Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.
Specific exclusions:	None
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	ODI rate applies on a per minute basis.
Links to relevant external documents	NA

Performance commitment levels

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

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Standard underperformance collar	HH:MM:SS		00:21:36	00:21:36	00:21:36	00:21:36	00:21:36
Underperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:MM:SS		00:03:11	00:02:24	00:01:38	00:00:47	00:00:00
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.336
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.244
Outperformance payment - enhanced	NA

1.1.3 Leakage

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

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

The performance commitment is consistent with the company reducing average annual leakage by 15% from 2019-20 to 2024-25.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN04
Detailed definition of performance measure	<p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on the 27th March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
Additional detail on measurement units	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if a company does not meet its 2019-20 leakage target, the company's 2019-20 baseline will be adjusted downwards by one third of the difference between the annual value derived from the 2019-20 PR14 committed annual performance level and the corresponding actual annual value using the PR14 calculation of leakage set out in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
Specific exclusions:	As defined in the reporting guidance.

Unique Reference	PR19SRN_WN04
Reporting and assurance:	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in megalitres per day (MI/d).
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	2.9	6.0	9.0	12.0	15.0
Enhanced underperformance collar – percentage reduction	%	NA	NA	NA	NA	NA	NA

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Standard underperformance collar – percentage reduction	%		-5.0	-5.0	-5.0	-5.0	-5.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		11.4	14.5	17.5	20.6	23.5
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.265
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.144
Outperformance payment - enhanced	NA

1.1.4 Per capita consumption

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WR01
Detailed definition of performance measure	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
Additional detail on measurement units	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.</p>
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.</p>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	In-period

Unique Reference	PR19SRN_WR01
and outperformance payments	
Price control allocation	100% water resources
Frequency of reporting	Annual
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
Links to relevant external documents	None

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	1.0	2.0	4.3	6.0	7.2
Enhanced underperformance collar – percentage reduction	%		-14.2	-14.2	-14.2	-14.2	-14.2
Standard underperformance collar – percentage reduction	%		-10.8	-10.8	-10.8	-10.8	-10.8
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Standard outperformance cap – percentage reduction	%		6.8	7.5	8.3	9.1	9.9
Enhanced outperformance cap – percentage reduction	%		*	*	*	*	*

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

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.178
Underperformance payment - enhanced	-0.356
Outperformance payment - standard	0.080
Outperformance payment - enhanced	0.356

1.1.5 Mains repairs

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN05
Detailed definition of performance measure	<p>Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27th March 2018. https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</p> <p>It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).</p>
Additional detail on measurement units	<p>Mains repairs – This includes all physical repair work to mains from which water is lost.</p> <p>Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company’s active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.
Measurement unit and decimal places	Number of repairs per 1000km of mains, reported to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	119.6	111.1	102.6	94.1	85.6
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		179.4	179.4	179.4	179.4	179.4
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		97.2	88.7	80.2	71.7	64.7
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.078
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.055
Outperformance payment - enhanced	NA

1.1.6 Unplanned outage

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN06
<p>Detailed definition of performance measure</p>	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4th April 2019. https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf</p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage can then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
<p>Additional detail on measurement units</p>	<p>Above-ground assets include: source abstraction assets, raw water transport assets, raw water storage assets, water treatment assets, treated water storage assets, treated water distribution assets before distribution input meters.</p> <p>PWPC: This is equivalent to the maximum volume of water which can be put into supply and sustained over a period of one week measured in MI/d.</p> <p>Unplanned outage or asset failure: - The failure or deterioration of any asset which impacts on the ability to produce the peak week production capacity should be recorded as an unplanned outage.</p> <p>Planned outages: Where assets are taken out of supply or made unavailable for supply to enable planned maintenance or capital works to be completed then these should be recorded as planned outages. Where planned work results from an asset failure any resulting outage should also be recorded as unplanned.</p> <p>Duration: Only outage events which exceed 24 hours in duration should be included in this measure</p>
<p>Specific exclusions:</p>	<p>As defined in the reporting guidance.</p>
<p>Reporting and assurance</p>	<p>No specific requirements</p>
<p>Measurement unit and decimal places</p>	<p>Percentage of peak week production capacity, reported to two decimal places.</p>

Unique Reference	PR19SRN_WN06
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	9.44	9.11	7.33	6.45	3.25
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.896
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.7 Risk of severe restrictions in a drought

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WR02
Detailed definition of performance measure	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on the 13th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf</p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
Additional detail on measurement units	<p>The metric will be calculated using the following formula:</p> <p><i>At risk if, $DO - OA < DD + TH$</i></p> <p>Where:</p>

Unique Reference	PR19SRN_WR02
	<p>Deployable output (supply) = DO</p> <p>Outage allowance (unavailable supply) = OA</p> <p>Dry year demand = DD</p> <p>Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of a water resource zone) by the total number of customers served by the company.</p>
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance	As defined in the reporting guidance.
Measurement unit and decimal places	Percentage of population at risk reported to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

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

Incentive rates

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

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR08
<p>Detailed definition of performance measure</p>	<p>This common performance commitment is defined in the reporting guidance: PR19 draft determinations: Reporting guidance – Common performance commitment for the Priority Service Register</p> <p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> • The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company’s PSR; • Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period; • Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period. <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
<p>Additional detail on measurement units</p>	<p>The performance commitment is calculated using the following formulas:</p> $PSR\ Reach = \left(\frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left(\frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left(\frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <p>PSR [households] – Number of households on the PSR (recorded on 31 March)</p> <p>Total households – Total number of households served (recorded on 31 March)</p> <p>Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)</p>

Unique Reference	PR19SRN_RR08
	Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)
Specific exclusions	None
Reporting and assurance	<p>Companies should also report the following information:</p> <p>PSR reach: companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p>PSR data-checking: Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p>
Measurement unit and decimal places	<p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>Attempted contacts: percentage of applicable households, reported to one decimal place</p>
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	'Reporting guidance: Common performance commitment for the Priority Services Register'

Performance commitment levels

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	2.0	3.0	4.3	5.6	7.0
Performance commitment level: Actual contact	%		25.0	50.0	50.0	50.0	50.0
Performance commitment level: Attempted contact	%		45.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.9 Internal sewer flooding

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN01
<p>Detailed definition of performance measure</p>	<p>The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on the 27th March 2018 https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf.</p> <p>The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p> <p>Companies might also want to present their performance commitments in absolute numbers to make it easier for customers and stakeholders to understand.</p> <p>The definitive service levels are those expressed as the values normalised per 10,000 sewer connections.</p>
<p>Additional detail on measurement units</p>	<p>Internal flooding: is defined as flooding which enters a building or passes below a suspended floor.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p>

Unique Reference	PR19SRN_WWN01
	The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections. Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.
Measurement unit and decimal places	Number of incidents per 10,000 sewer connections reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	1.68	1.63	1.58	1.44	1.34
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		3.35	3.35	3.35	3.35	3.35
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		1.38	1.33	1.28	1.14	1.04
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-5.557
Underperformance payment - enhanced	NA
Outperformance payment - standard	5.557
Outperformance payment - enhanced	NA

1.1.10 Pollution incidents

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN02
Detailed definition of performance measure	<p>Pollution Incidents is defined in the following guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</p> <p>The total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar</p>
Additional detail on measurement units	As defined in the reporting guidance
Specific exclusions	Are as defined in the reporting guidance
Reporting and assurance	<p>This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer.</p> <p>Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	NA
Links to relevant external documents	https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-

Unique Reference	PR19SRN_WWN02
	classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	24.51	23.74	23.00	22.40	19.50
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		49.01	49.01	49.01	49.01	49.01
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		18.58	17.81	17.07	16.47	13.57
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.315
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.287
Outperformance payment - enhanced	NA

1.1.11 Risk of sewer flooding in a storm

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN03
Detailed definition of performance measure	Risk of sewer flooding in a storm is defined within the guidance titled, Reporting guidance – Risk of sewer flooding in a storm, published on 4th April 2019: https://www.ofwat.gov.uk/wp-content/uploads/2019/04/Reporting-guidance-Risk-of-sewer-flooding-in-a-storm_final_290319.pdf This measure will record the percentage of the region’s population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions.
Additional detail on measurement units	See guidance document for full details of the calculation and measurements units.
Specific exclusions	As defined in the guidance.
Reporting and assurance	As defined in the guidance.
Measurement unit and decimal places	Percentage of population at risk, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual

Unique Reference	PR19SRN_WWN03
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0.12	0.12	0.12	0.12	0.12
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.12 Sewer collapses

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN04
Detailed definition of performance measure	Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on the 4th April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/ Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment
Additional detail on measurement units	Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported. Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.
Specific exclusions	As defined in the guidance.
Reporting and assurance	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
Measurement unit and decimal places	Number of collapses per 1000km of sewer network, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19SRN_WWN04
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	5.72	5.64	5.59	5.53	5.48
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.843
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.13 Treatment works compliance

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN05
Detailed definition of performance measure	Treatment works compliance is defined in the reporting guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency. https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.
Additional detail on measurement units	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance.
Specific exclusions	None
Reporting and assurance	No specific requirements.

Unique Reference	PR19SRN_WWN05
Measurement unit and decimal places	Percentage compliance, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	Performance against this performance commitment is also published annually in Environment Agency water and sewerage companies' annual report.
Links to relevant external documents	See Environment Agency website for annual reports

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	100.00	100.00	100.00	100.00	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		97.00	97.00	97.00	97.00	97.00
Underperformance deadband	%		99.00	99.00	99.00	99.00	99.00
Outperformance deadband	%		NA	NA	NA	NA	NA

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-10.00
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.14 C-MeX

Purpose: This performance commitment is designed to incentivise companies to improve the experience they provide to residential customers.

Benefits: This performance commitment should increase residential customer satisfaction, by improving both the overall customer experience and companies' handling of customer contacts.

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR01
Detailed definition of performance measure	<p>C-MeX is a composite measure of customer satisfaction. A company's C-MeX score is calculated as the weighted average of customer satisfaction (CSAT) scores and net promoter scores (NPS), from customer service (CS) and customer experience (CE) surveys. Standard and enhanced payments under C-MeX depend on a company's performance relative to those of the other companies.</p> <p>Higher performance payments are available if the company passes each of the following three 'gates':</p> <ol style="list-style-type: none"> 1. is one of the top three performers by C-MeX score;

Unique Reference	PR19SRN_RR01
	<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>Additional detail on measurement units</p>	<p>The company's C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates, above) depends on its C-MeX score relative to those of the other companies. Specifically, it depends on how many standard deviations (SD) the company's score is from the industry average C-MeX score, determined as:</p> <p>SD score = (company C-MeX – C-MeX mean) / C-MeX SD</p> <p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> <p>C-MeX score = (40% CS CSAT) + (40% CE CSAT) + (20% combined CS and CE NPS)</p> <p>CSAT and NPS scores are normalised to a scale of 0 to 100. Three points are deducted from the C-MeX score if the company fails to offer at least five channels (including at least three on-line), to receive customer contacts and complaints.</p> <p>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p> <p>C-MeX ASUQ = C-MeX Mean + (UKCSI ASUQ - UKCSI Mean) / UKCSI SD * C-MeX SD</p> <p>where:</p> <ul style="list-style-type: none"> • 'C-MeX Mean' is the mean average of all water companies' C-MeX scores, • 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys), • 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year,

Unique Reference	PR19SRN_RR01
	<ul style="list-style-type: none"> • ‘UKCSI SD’ is the standard deviation of water companies’ scores in the UKCSI report relating to the relevant year, and • ‘C-MeX SD’ is the standard deviation of the C-MeX scores of all water companies.
Specific exclusions	As set out in the PR19 DD C-MeX and D-MeX annex of ‘Delivering outcomes for customers policy appendix’
Reporting and assurance	Reporting and assurance should be in the form and manner set out in the guidance ¹
Measurement unit and decimal places	Score out of 100, to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational and revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	The company’s C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in ‘Southern Water draft determination’ and ‘Southern Water – Allowed revenue appendix’).
Links to relevant external documents	PR19 DD C-MeX and D-MeX ‘Delivering outcomes for customers policy appendix’

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

Incentive rates

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

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

1.1.15 D-MeX

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN01
<p>Detailed definition of performance measure</p>	<p>D-MeX is a composite measure of customer satisfaction. A company's D-MeX score is calculated from the weighted average of its:</p> <ul style="list-style-type: none"> • qualitative D-MeX score, based on scores from a customer satisfaction survey based on transactions; and • quantitative D-MeX score, based on the company's performance against a set of Water UK performance metrics. <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score are³:</p> <ul style="list-style-type: none"> W1.1 Pre-development enquiry – reports issued W2.1 s45 applications – written acknowledgment W3.1 s45 quotations W4.1 s45 service pipe connections W5.1 Mains design – written acknowledgment W6.1 Mains design <500 plots - quotations W7.1 Mains design >500 plots - quotations W8.1 Mains construction W16.1 Mains diversions – written acknowledgement W17.1 Mains diversions (without constraints) - quotations W17.2 Mains diversions (with constraints) - quotations W18.1 Mains diversions - construction/commissioning W19.1 Self-lay point of connection applications – written acknowledgement W20.1 Self-lay Point of Connection report < 500 plots etc. - reports issued W21.1 Self-lay Point of Connection reports >500 plots etc. - reports issued

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

Unique Reference	PR19SRN_WN01
	<p>W22.1 Self-lay design approval and terms request – written acknowledgement</p> <p>W23.1 Self-lay design and terms request <500 plots etc. - quotations</p> <p>W24.1 Self-lay design and terms request >500 plots etc. - quotations</p> <p>W25.1 Self-lay signed agreement - acknowledgements</p> <p>W26.1 Self-lay water for pressure/bacteriological testing - provided</p> <p>W27.1 Self-lay permanent water supply - provided</p> <p>W28.1 Self-lay vesting certificates - issued</p> <p>W29.1 Self-lay Asset Payments - issued</p> <p>W30.1 Self-lay plot references and costing details - issued</p> <p>S1.1 Pre-development enquiry – reports issued</p> <p>S2.1 Sewer requisition – written acknowledgement</p> <p>S3.1 Sewer requisition design – offers issued</p> <p>S4.1 Sewer requisition – constructed and commissioned</p> <p>S5.1 Technical vetting of adoptions & diversions - acknowledgements</p> <p>S6.1 Technical vetting of adoptions & diversions – approval or rejection letters</p> <p>S7.1 Adoption legal agreement – draft agreements issued</p> <p>S8.1 s106 sewer connection - approval letters issued</p>
<p>Additional detail on measurement units</p>	<p>The company's D-MeX score is calculated using the following formula:</p> <p>D-MeX score = (50% Qual) + (50% Quant)</p> <p>Where:</p> <ul style="list-style-type: none"> • 'Qual' is a combination of the overall satisfaction score given by developer customers surveyed in the customer satisfaction survey; and • 'Quant' is a combination of Water UK performance metrics which have non-zero volumes.
<p>Specific exclusions</p>	<p>As set out in the PR19 DD C-MeX and D-MeX annex of 'Delivering outcomes for customers policy appendix'</p>
<p>Reporting and assurance</p>	<p>Reporting and assurance should be in the form and manner set out in the guidance⁴</p>
<p>Measurement unit and decimal places</p>	<p>Score out of 100, to two decimal places</p>

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

Unique Reference	PR19SRN_WN01
Measurement timing	Reporting year
Incentive form	Reputational and revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	43.3% water network plus 56.7% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	The company's D-MeX payments are calculated by multiplying its incentive rate by its annual developer services revenue.
Links to relevant external documents	C-MeX and D-MeX annex of 'Delivering outcomes for customers policy appendix'

Incentive rates

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

1.2 Bespoke performance commitments

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

Companies have developed bespoke performance commitments that reflect customers' preferences. Allowing companies to propose their own performance commitments, allows them to innovate and target their customers' values and concerns in the context of their specific circumstances.

In addition to considering the comments provided on definitions for bespoke performance commitments included at the draft determination stage, we may wish to have further correspondence with the company following draft determination in order to ensure that performance commitment definitions are as well-specified as possible for final determination, particularly those which are new and/or financially material.

1.2.1 Drinking water appearance

Purpose: To reduce water quality contacts relating to appearance.

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN07
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the drinking water not being clear, reported per 1,000 population. Calculation is the number of contacts for appearance multiplied by 1,000 divided by the resident population as reported to the Drinking Water Inspectorate (DWI).
Additional detail on measurement units	The consumer contact classification guidance is published by DWI as <i>Information Letter 1/2006</i> , 6 January 2006: http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance will be included in this measure.

Unique Reference	PR19SRN_WN07
Specific exclusions	See DWI guidance for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts per 1,000 population, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	NA
Links to relevant external documents	The Discover Water website link for this measure is: https://discoverwater.co.uk/colour

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0.83	0.74	0.65	0.55	0.46
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-4.632
Underperformance payment - enhanced	NA
Outperformance payment - standard	3.860
Outperformance payment - enhanced	NA

1.2.2 Drinking water taste and odour

Purpose: This performance commitment incentivises the company to reduce water quality contacts relating to taste and odour.

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN08
Detailed definition of performance measure	The number of times the company is contacted due to the taste and odour of drinking water, reported per 1,000 population. Calculation is the number of contacts for all taste/odour contacts multiplied by 1,000 divided by the resident population as reported to the Drinking Water Inspectorate (DWI).
Additional detail on measurement units	The consumer contact classification guidance is published by DWI as <i>Information Letter 1/2006</i> , 6 January 2006: http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf Consumers contact a water company for various water quality reasons. Only consumer contacts that are about taste and odour will be included in this measure.
Specific exclusions	See DWI guidance for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts per 1,000 population, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.

Unique Reference	PR19SRN_WN08
Any other relevant information	NA
Links to relevant external documents	The Discover Water website link for this measure is: https://discoverwater.co.uk/taste

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0.24	0.23	0.23	0.22	0.21
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		0.17	0.17	0.16	0.16	0.15
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-4.632
Underperformance payment - enhanced	NA
Outperformance payment - standard	3.860
Outperformance payment - enhanced	NA

1.2.3 Effluent re-use

Purpose: This performance commitment incentivises the company to identify and make the most of opportunities for effluent reuse to substitute demand for potable water.

Benefits: Reusing effluent helps improve the security of water supply for customers through reducing the demand for potable water and improving the overall supply/demand balance of the company.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN07
Detailed definition of performance measure	Volume of treated effluent in cubic metres (m ³) made available annually for direct re-use by customers. The measurement will be m ³ of treated effluent utilised by local authorities, businesses, farmers and communities on an annual basis. It measures effluent that the company no longer discharges direct to the environment but instead provide to a third party (at the appropriate quality required) for use. This could be, for example, to a council for watering flower beds or to a grower for crop irrigation.
Additional detail on measurement units	Where measurement apparatus is not in place, the volume will be estimated based on the size of the vehicle (e.g. tankers or bowzers) transporting the effluent. This approach will assume a full tanker or bowser and use this as the amount of effluent supplied.
Specific exclusions	The measure excludes indirect water reuse via discharge to any watercourse under an Environment Agency permit. It also excludes any water provided under agreements in place prior to 3 September 2018.
Reporting and assurance	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.
Measurement unit and decimal places	Volume of treated effluent in m ³ made available annually for direct re-use by customers to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19SRN_WWN07
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	0	0	0	0
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		5,070	5,070	5,070	5,070	5,070
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00000329
Outperformance payment - enhanced	NA

1.2.4 Renewable Generation

Purpose: This performance commitment incentivises the company to generate electricity from renewable sources.

Benefits: Increasing the total amount of electricity generated from renewable sources helps mitigate the negative effects of climate change. The production of more renewable energy also protects customers from price volatility by making the company more energy self-sufficient.

Performance commitment definition and parameters

Unique Reference	PR19SRN_BI001
Detailed definition of performance measure	<p>Total renewable electricity generated as a percentage of the company's total electricity consumption.</p> <p>The measure includes all electricity consumed at the company's sites, including both operational sites and offices.</p> <p>The total amount of renewable electricity generated is measured in kWh at the generation source after deducting any power not used (parasitic loads) and includes electricity both consumed on site and any surplus exported into the National Grid.</p>
Additional detail on measurement units	The energy generation and consumption data collected for this measure is also used to report greenhouse gas emissions in line with Defra guidance using the UKWIR Carbon Accounting Workbook.
Specific exclusions	None
Reporting and assurance	The data used for this measure will be audited during the annual audit of greenhouse gas emissions and the UKWIR Carbon Accounting Workbook by an appropriately qualified third party including that:

Unique Reference	PR19SRN_BI001
	<ul style="list-style-type: none"> • values included in calculations are from reliable sources; and • where possible smart meters are implemented for each renewable generator that meet the Elexon Code of Practice 4 (CoP4) industry standard.
Measurement unit and decimal places	Percentage to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	97% bioresources 3% water network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	UKWIR Carbon Accounting Workbook Elexon Code of Practice 4 (CoP4)

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	21.20	21.30	24.00	24.00	24.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.442
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.221
Outperformance payment - enhanced	NA

1.2.5 Satisfactory bioresources recycling

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_BI002
Detailed definition of performance measure	<p>The overall percentage of company sludge satisfactorily used, or disposed of, in compliance with the Environment Agency’s Environmental Performance Assessment (EPA) definition. This includes compliance with the following environmental laws, in so far as they apply to the recycling and/or disposal of sewage sludge containing products and residual wastes:</p> <ul style="list-style-type: none"> • the Sludge (Use in Agriculture) Regulations; • Environmental Permitting (England and Wales) Regulations 2010; and • Water company voluntary compliance with the Safe Sludge Matrix. <p>The measure will continue to comply with any revisions to the Environment Agency EPA definition for each year, and performance will be assessed in accordance to the Environment Agency’s assessment of performance.</p>
Additional detail on measurement units	<p>Reporting is on the basis of tonnes dry solids (tds) disposed to agricultural land in a compliant manner as a percent of total raw tds production.</p> $\% \text{ compliant satisfactory disposal/use} = 1 - \left(\frac{\text{unsatisfactory use or disposal}}{\text{total raw tDS production}} \right) \times 100$ <p>The measurement includes all sludge that the company produces in its wastewater treatment process that it treats. It also includes all sludge traded; both imports and exports. The company will ensure that:</p> <ul style="list-style-type: none"> • sludge imported from 3rd parties meets the same disposal standards as sludge it produces and disposes of.

Unique Reference	PR19SRN_BI002
	<ul style="list-style-type: none"> • sludge exported to third parties will be contractually assured to meet the Environment Agency’s EPA requirements before being exported.
Specific exclusions	<p>Exemptions are in line with the EPA definition, and will change in line with the EPA if these change in the future. In the most recent version of the EPA (v3) the following exemptions are included:</p> <ul style="list-style-type: none"> • solids added during the sludge treatment process, e.g. lime added during the treatment process; • grit and screenings; • water treatment sludge; and • treatment related breaches that do not result in non-compliant sludges or residual products going to any outlets. <p>Incineration is considered an ‘outlet’ for these purposes rather than a treatment.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of sludge disposed or used in compliance with the Environment Agency’s Environmental Performance Assessment (EPA) definition, to two decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% bioresources
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	NA
Links to relevant external documents	Latest EPA methodology at time of publication (v3 November 2017)

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.417
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.6 River water quality

Purpose: This performance commitment measures the progress of the company in delivering its agreed Water Industry National Environment Programme (WINEP) schemes in a timely manner.

Benefits: WINEP schemes deliver benefits by improving the health and aesthetics of rivers. This will benefit the environment and users of the river enjoying recreational and other activities. Delivering schemes faster helps to bring these benefits forward.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN09
Detailed definition of performance measure	<p>The cumulative length of river improved as a consequence of regulatory and legislative drivers.</p> <p>The length of river defined as improved will be based on the delivery of specified schemes in the WINEP. The commitment level will be limited to those schemes with Green status as at 1 April 2019 and which are already confirmed.</p> <p>The length of river water quality improvements will be derived from specified schemes in the WINEP. It is assumed for the purposes of this performance commitment that delivery of the WINEP schemes will deliver the specified improvements to water quality.</p>
Additional detail on measurement units	<p>The performance commitment will only include wastewater schemes which lead to an improvement in river water quality, with lengths as specified by WINEP. This comprises the following WINEP driver codes: HD_IMP, SSSI_IMP, U_IMP1, WFD_IMP_CHEM, WFD_IMPg, WFD_IMPm, WFD_ND, WFD_NDLS_CHEM1 and WFD_NDLS_CHEM2.</p> <p>Where there are any changes to the schemes in the WINEP as a result of alternative solutions being identified and agreed by the Environment Agency, the length of river deemed to be improved will be based on the WINEP scheme before the alternative solutions were identified.</p> <p>The length of river will only be measured in the company region.</p> <p>The final scheme completion date in the WINEP tracker, submitted to the Environment Agency, will be used to report outputs.</p>
Specific exclusions	<p>The performance commitment excludes schemes that were uncertain and had an amber status on 1 April 2019.</p>

Unique Reference	PR19SRN_WWN09
	Where multiple schemes improve the same stretch of river, the shorter lengths are excluded. The same stretch of river will only be included once.
Reporting and assurance	The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.
Measurement unit and decimal places	Cumulative kilometres to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	km	NA	7.60	106.60	134.70	134.70	242.20
Enhanced underperformance collar	km		NA	NA	NA	NA	NA
Standard underperformance collar	km		NA	NA	NA	NA	NA
Underperformance deadband	km		NA	NA	NA	NA	NA
Outperformance deadband	km		NA	NA	NA	NA	NA
Standard outperformance cap	km		NA	NA	NA	NA	NA
Enhanced outperformance cap	km		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.375
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.7 Abstraction Incentive Mechanism

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WR05
<p>Detailed definition of performance measure</p>	<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 usually based on a level or flow, beyond which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included one site for AIM for the period 2020-25, this is Otterbourne and Twyford. The trigger point for this site is the month of September as this is when impacts on the environment are most severe.</p> <p>The maximum for the previous period was 77.6 MI/d for the month of September or 2,328 MI in total. However, the company must reduce abstraction by 450 MI during the period 2020-25 as a result of sustainability reductions, therefore, the baseline for the 2020-25 period is 1,878MI or 62.6 MI/d.</p> <p>The company’s stated target is to outperform this by 15 MI/d.</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published on the 29th April 2016: https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</p>
<p>Additional detail on measurement units</p>	<p>AIM performance is measured in megalitres (MI) and can be measured in Megalitres per day (MI/d) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline or in this case the maximum 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 –</p>

Unique Reference	PR19SRN_WR05
	<p>baseline or in this case maximum 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 or in this case maximum is 5 MI/day and the company abstracts an average of 4 MI/day from the abstraction site when past the trigger threshold then, the company has an improved performance relative to the baseline of (4 MI/day minus 5 MI/day) = -1 MI/d. A negative number signifies an improved performance as average abstraction is less than the baseline.</p>
Specific exclusions	<p>As defined in the reporting guidance.</p> <p>Abstraction under any of the specific drought measures listed below will not contribute to the final score:</p> <ol style="list-style-type: none"> 1. Ordinary drought orders, as provided for in sections 73 to 81 and Schedules 8 and 9 of the Water Resources Act 1991 and detailed in the Drought Direction 2011; and 2. Emergency Drought Orders as defined in the Water Resources Act 1991. <p>Outperformance payments will not be permitted in any year where the company has used the above drought measures.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Megalitres per day (MI/d) to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% Water resources
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	MI/d	NA	-15	-15	-15	-15	-15
Enhanced underperformance collar	MI/d		NA	NA	NA	NA	NA
Standard underperformance collar	MI/d		-14	-14	-14	-14	-14
Underperformance deadband	MI/d		NA	NA	NA	NA	NA
Outperformance deadband	MI/d		NA	NA	NA	NA	NA
Standard outperformance cap	MI/d		-16	-16	-16	-16	-16
Enhanced outperformance cap	MI/d		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.634
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.511
Outperformance payment - enhanced	NA

1.2.8 Maintain Bathing waters at ‘Excellent’

Purpose: The purpose of this performance commitment is to incentivise the company to maintain ‘Excellent’ water quality status at the beaches designated for swimming within its region, and in line with its Water Industry National Environment Programme (WINEP) commitments.

Benefits: The improvement of bathing water quality will enhance coastal environments, whilst also supporting the continued development of the leisure and tourism industries in the company’s region.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN11
Detailed definition of performance measure	<p>The number of bathing waters maintained at ‘Excellent’ each year, as designated by the Environment Agency, based on a four year average.</p> <p>This measures the 57 designated bathing waters that were assessed as ‘Excellent’ for the 2017 bathing season. This is based on a four year assessment.</p> <p>If a bathing water is closed for sampling the company will use the most recent classification as reported by the Environment Agency.</p>
Additional detail on measurement units	<p>In order to assess water quality at designated bathing waters against the Bathing Water Directive standards, the Environment Agency undertakes regular monitoring. A minimum of four samples is taken at each designated Bathing Water throughout the Bathing Season (1 May to 30 September), and is agreed annually by Defra.</p> <p>The Environment Agency apply Pollution Risk Forecasting (PRF) to 21 of the company’s bathing waters, this performance commitment also includes PRF.</p> <p>A statistical representation is determined, this provides the quality rating of either Excellent, Good, Sufficient or Poor. This data is summarised in Defra’s ‘Annual Bathing Water Compliance Report’.</p> <p>In the revised Bathing Water Directive applied by the Environment Agency - ‘Excellent’ is defined as EC: ≤250 cfu/100ml and IE: ≤100 cfu/100ml with 95th percentile confidence level for coastal bathing waters.</p> <p>The relevant assessment period is a four-year assessment from the Environment Agency unless there have been fundamental changes to a bathing water.</p>
Specific exclusions	NA

Unique Reference	PR19SRN_WWN11
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	The number of bathing waters maintained at 'Excellent', reported to zero decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% Wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	NA
Links to relevant external documents	The Bathing Water Regulations 2013 https://www.legislation.gov.uk/uksi/2013/1675/contents/made Environment Agency Bathing Water Quality Guide https://environment.data.gov.uk/bwq/profiles/help-understanding-data.html

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	57	57	57	57	57
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.450
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.9 Improve the number of bathing waters to at least ‘Good’ (Cost Adjustment Claim).

Purpose: The purpose of this performance commitment is to incentivise the company to improve water quality status at the beaches designated for swimming within its region, and in line with its Water Industry National Environment Programme (WINEP) commitments.

Benefits: Improving bathing water quality will enhance coastal environments, whilst also supporting the continued development of the leisure and tourism industries in the company’s region.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN12
<p>Detailed definition of performance measure</p>	<p>The annual number of named bathing waters that are assessed as at least ‘Good’ water quality classification by the Environment Agency.</p> <p>The following are the named bathing waters to be taken to ‘Good’ classification:</p> <ul style="list-style-type: none"> • Broadstairs Viking Bay • Littlestone • Lancing, Beach Green • Hastings Pelham Beach • Felpham <p>If during investigations an additional bathing water is identified it can be added to this list with the agreement of the Environment Agency.</p> <p>If a bathing water is de-designated during the period, it will not be counted and will reduce the potential for the company to perform.</p> <p>For the 2024-25 reporting year, if a season is classed as ‘abnormal’ as there are at least two samples two standard deviations away from typical wet weather affected samples, an underperformance payment will not apply for the 2024-25 year so far that it relates to an ‘abnormal’ assessment. The performance assessment would be deferred to the following year. The performance assessment for bathing waters assessed as abnormal will not be deferred again. It is expected that any underperformance or outperformance payments for bathing waters assessed as abnormal for the 2024-25 year will apply instead for the year 2025-26, this will be confirmed at the next price review. The overall amount of underperformance or outperformance payments should be the same as if an assessment takes place in 2025-26, had taken place in 2024-25.</p>

Unique Reference	PR19SRN_WWN12
Additional detail on measurement units	<p>A statistical representation is determined, this provides the quality rating of either Excellent, Good, Sufficient or Poor. This data is summarised in Defra’s ‘Annual Bathing Water Compliance Report’.</p> <p>The relevant assessment period is a single bathing water season in 2024. This differs from the standard four-year assessment.</p>
Specific exclusions	NA
Reporting and assurance	Official samples taken by the Environment Agency in fulfilment of the Bathing Water Regulations 2013 will be used.
Measurement unit and decimal places	Number of bathing waters at ‘Good’ reported to zero decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments only for 2024-25.
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	NA
Links to relevant external documents	<p>The Bathing Water Regulations 2013 https://www.legislation.gov.uk/uksi/2013/1675/contents/made</p> <p>Environment Agency Bathing Water Quality Guide https://environment.data.gov.uk/bwq/profiles/help-understanding-data.html</p>

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	0	0	2	5
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.852
Underperformance payment - enhanced	NA
Outperformance payment - standard	1.191
Outperformance payment - enhanced	NA

1.2.10 Target 100

Purpose: This performance commitment incentivises the company to help customers have low levels (less than 100l/h/d) of water 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	PR19SRN_WR03
Detailed definition of performance measure	Percentage of household population with estimated per capita consumption (PCC) of less than 100 litres/person/day. PCC is defined as the average amount of water used by each customer that lives in a household property.
Additional detail on measurement units	<p>The proportion of customers using less than 100 l/p/d is calculated using billed household consumption, divided by estimated occupancy at the household level. Household occupancy is to be based on third party demographic data (eg from Experian or similar).</p> <p>A metered household property is one which is charged on the basis of measured consumption. Billed household consumption is based on data from the company's billing system. It excludes meter under-registration and supply-pipe leakage when evidenced (see below).</p>
Specific exclusions	<p>The measure excludes unmeasured household properties and non-household properties.</p> <p>Unoccupied household properties (void properties) are excluded. If a property's occupancy status changed during the reporting year only the occupied period is to be used for the purpose of the average PCC calculation.</p> <p>Metered properties identified as having a missing, faulty or damaged meter are excluded up to the date of replacement. These are to include meters identified by the company for reactive replacement due to a fault.</p> <p>Properties with estimated PCC equal or less than 40 litres/person/day are excluded.</p> <p>An estimate of supply pipe leakage can only be deducted for externally metered properties with a confirmed supply pipe leak where a domestic leak allowance was claimed.</p>

Unique Reference	PR19SRN_WR03
	Supply pipe leak volume is only to be deducted for the period up to the repair and can be evidenced by job records or meter readings clearly identifying the reduction in flow rates indicating a successful repair.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	49	51	53	54	55
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.11 Water saved from water efficiency visits

Purpose: This performance commitment incentivises the company to reduce consumption as a result of water efficiency visits to residential properties.

Benefits: The benefit of reduced consumption is to improve long term water resources supply/demand balance.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WR04
Detailed definition of performance measure	<p>Estimated reduction in consumption in cubic meters per days from 1 April 2020.</p> <p>The estimate is based on the number and type of water saving devices fitted and their estimated usage reduction. This will be calculated by the company's water efficiency visit supplier at the time of the visit.</p> <p>A water saving device is any physical device designed to save water (for example, a low flow shower head or tap aerator) or other intervention (for example, dripping tap repair).</p> <p>The estimated saving will be based on the estimated daily saving associated with each device installed and the customer's stated usage. The estimated daily saving associated with each device installed will be published on the company website.</p> <p>The annual savings will be calculated as the sum of the estimated daily savings at each property.</p> <p>The measure includes all residential properties.</p>
Additional detail on measurement units	Cumulative saving in m ³ /day to the end of 2024-25
Specific exclusions	This measure excludes business properties.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	m ³ /day to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA

Unique Reference	PR19SRN_WR04
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	<p>This performance commitment aligns with the company's strategic outcome to <i>recognise the true value of water in our daily lives</i> with the objective to help its customers use less water.</p> <p>It is included as a 2020-25 performance commitment to help the company deliver its Target 100 goal (which has high support from its stakeholders) through behavioural and physical interventions.</p>
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	500	1,000	1,500	2,000	2,500
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.12 Access to daily water consumption data

Purpose: This performance commitment incentivises the company to provide customers with easy to access water consumption data.

Benefits: This performance commitment helps customers to make informed choices about their water consumption potentially leading to reductions in bills and to improve long term water resources supply/demand balance.

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR02
Detailed definition of performance measure	Number of residential properties provided with a device which can give access to daily water consumption. The measure includes all residential properties.
Additional detail on measurement units	A 'residential property' means one household - for example, one flat within a block of flats. A device is any product installed at the customer's property which enables the customer to access daily water consumption data, without physically accessing the meter. This includes any smart devices installed, including the company's next generation of smart meters.
Specific exclusions	This measure excludes business properties.
Reporting and assurance	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.
Measurement unit and decimal places	Number of properties to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19SRN_RR02
Incentive type	Outperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	3,529	3,529	3,529	3,529	3,529
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		17,644	17,644	17,644	17,644	17,644
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00000363
Outperformance payment - enhanced	NA

1.2.13 Improve the bathing waters at ‘Excellent’ quality (cost adjustment claim)

Purpose: The purpose of this performance commitment is to incentivise the company to increase the number of beaches designated for swimming with ‘Excellent’ water quality status within its region, and in line with its Water Industry National Environment Programme (WINEP) commitments.

Benefits: The improvement of bathing water quality will enhance coastal environments, whilst also supporting the continued development of the leisure and tourism industries in the company’s region.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN13
Detailed definition of performance measure	<p>The annual number of named beaches that are assessed as ‘Excellent’ bathing water classification by the Environment Agency.</p> <p>At least two from the following four bathing waters will be improved:</p> <ul style="list-style-type: none"> • Gurnard; • Seagrove; • Ramsgate Sands; and • Pevensey Bay <p>If a bathing water is de-designated during the period, it will not be counted and will reduce the potential for the company to perform.</p> <p>For the 2024-25 reporting year, if a season is classed as ‘abnormal’ as there are at least two samples two standard deviations away from typical wet weather affected samples, underperformance payments will not apply for the 2024-25 year so far that it relates to an ‘abnormal’ assessment. The performance assessment would be deferred to the following year. The performance assessment for bathing waters</p>

Unique Reference	PR19SRN_WWN13
	assessed as abnormal will not be deferred again. It is expected that any underperformance or outperformance payments for bathing waters assessed as abnormal for the 2024-25 year will apply instead for the year 2025-26, this will be confirmed at the next price review. The overall amount of underperformance or outperformance payments should be the same as if an assessment that takes place in 2025-26, had taken place in 2024-25.
Additional detail on measurement units	<p>The relevant assessment period is a single bathing water season in 2024. This differs from the standard four-year assessment.</p> <p>A statistical representation is determined, this provides the quality rating of either Excellent, Good, Sufficient or Poor. This data is summarised in Defra's 'Annual Bathing Water Compliance Report'.</p> <p>In the revised Bathing Water Directive applied by the Environment Agency - 'Excellent' is defined as EC: ≤ 250 cfu/100ml and IE: ≤ 100 cfu/100ml with 95th percentile confidence level for coastal bathing waters.</p>
Specific exclusions	NA
Reporting and assurance	Official samples taken by the Environment Agency in fulfilment of the Bathing Water Regulations 2013 will be used.
Measurement unit and decimal places	The number from four named bathing waters at 'Excellent' at the end of the 2020-25 period, reported to zero decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments only for 2024-25.
Timing of underperformance and outperformance payments	In period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	NA

Unique Reference	PR19SRN_WWN13
Links to relevant external documents	The Bathing Water Regulations 2013 https://www.legislation.gov.uk/ukxi/2013/1675/contents/made Environment Agency Bathing Water Quality Guide https://environment.data.gov.uk/bwq/profiles/help-understanding-data.html

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	0	0	1	2
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.700
Underperformance payment - enhanced	NA
Outperformance payment - standard	1.191
Outperformance payment - enhanced	NA

1.2.14 Void properties

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR03
Detailed definition of performance measure	The number of household properties classified as void as a percentage of the total number of household properties served by the company. Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.
Additional detail on measurement units	The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.
Specific exclusions	Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of household properties classed as void, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual

Unique Reference	PR19SRN_RR03
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	2.38	2.28	2.18	2.12	2.06
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-7.230
Underperformance payment - enhanced	NA
Outperformance payment - standard	3.758
Outperformance payment - enhanced	NA

1.2.15 Effectiveness of Financial Assistance

Purpose: This performance commitment incentivises the company to ensure the financial assistance it provides to customers is effective and results in bills being paid.

Benefits: This performance commitment helps provide customers with effective financial assistance that helps to make bills more affordable.

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR04
Detailed definition of performance measure	<p>The percentage of customers that pay their bills in the immediate twelve months following the receipt of financial assistance.</p> <p>The measure includes residential customers who have received support through the Essentials social tariff, WaterSure, Water Direct, NewStart Debt Matching scheme and any new financial assistance schemes the company implements. Any new financial schemes introduced by the company for inclusion in this performance commitment should be subject to approval from the Customer Challenge Group.</p> <p>Customers ‘paying their bills’ is defined as customers either having paid in ten distinct months (of twelve) or having paid 90% of the billed value.</p>
Additional detail on measurement units	<p>Performance will be measured by dividing the number of customers that first received assistance in the relevant year and made payments as expected by the total number of customers that first received assistance in that year.</p> <p>Due to the need for a full year to pass following sign-up to a scheme to monitor payment, data relating to customers who signed-up in a given year would be reported the following year. For example the company’s 2017-18 baseline is calculated based on customers who signed-up in 2016-17 and were monitored through the year.</p> <p>For customers to be included within the measure they must have been a continuous occupant for a minimum period of 12 months following signing-up to receive one of the company’s financial assistance packages. In addition, the customer must not have transitioned to a partner water services provider for joint-billing within 12 months of sign-up. For each included customer, the effectiveness of the earliest scheme is measured if the customer has signed-up to more than one scheme.</p>
Specific exclusions	None

Unique Reference	PR19SRN_RR04
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	70	75	80	85	90
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA

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

Incentive rates

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

1.2.16 Customer satisfaction with vulnerability support

Purpose: This performance commitment incentivises the company to provide high quality non-financial support to customers in vulnerable circumstances on its Priority Services Register.

Benefits: This performance commitment helps customers receive high quality non-financial support and provides the company with ongoing information to continually improve its support provision.

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR05
Detailed definition of performance measure	<p>Percentage of customers that have received non-financial support who believe Southern Water's support addresses their specific requirements and needs.</p> <p>Non-financial support is defined as any support that is provided by the company to a customer with specific requirements or needs which affects the customer for reasons that are not specific to their financial position. This support is provided through the PSR e.g. braille bills or talking bills.</p>

Unique Reference	PR19SRN_RR05
	<p>Performance will be measured through a survey of customers that have received PSR support. Customers will be asked whether the support provided addresses their specific requirements and needs in relation to their water and wastewater service. Customers will be provided information about the support the company provides as part of the questionnaire so they clearly understand the premise of the question.</p> <p>The questionnaire used will be consistent with that used in the company’s baseline survey for 2017/18. Customers will be able to respond with a “Yes” or “No” answer and provide additional comments to give the company feedback on any improvements that could still be made to improve support.</p> <p>The performance will be measured as the total number of yes responses divided by the number of responses. The company will not include in the survey PSR customers who have not received a service from the company in the reporting period.</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p> <p>The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual

Unique Reference	PR19SRN_RR05
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	77	81	84	87	90
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.17 Replace lead customer pipes

Purpose: This performance commitment incentivises the company to reduce the amount of lead in drinking water. It will also incentivise the company to engage with its customers to encourage uptake of internal lead plumbing replacement subsidies.

Benefits: This performance commitment reduces the risk posed to customers from lead in drinking water.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN09
Detailed definition of performance measure	<p>The number of residential properties receiving grants from the company towards removing lead pipes in the home in the 2020-25 period.</p> <p>This is a co-delivery measure with the company's customers to reduce the amount of lead in customer pipes. The performance commitment will apply only in the company's 'Deal' (Kent) water supply zone, where it is trialling this approach to eliminating lead pipes and fittings.</p>
Additional detail on measurement units	<p>This will be expressed as the number of grants given by the Lead Working Group to residential properties each year which lead to removal of lead pipes in the homes. A grant is a cash subsidy provided to the householder for the purposes of replacing lead plumbing.</p>
Specific exclusions	<p>This measure excludes business properties.</p>
Reporting and assurance	<p>Third party assurance of the number of grants which result in removal of lead pipes in the homes.</p> <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.</p>
Measurement unit and decimal places	<p>Number of residential properties that receive grants to zero decimal places</p>
Measurement timing	<p>Reporting year</p>
Incentive form	<p>Revenue</p>
Incentive type	<p>Outperformance payments</p>
Timing of underperformance and outperformance payments	<p>In-period</p>

Unique Reference	PR19SRN_WN09
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	World Health Organisation lead fact sheet: http://www.who.int/mediacentre/factsheets/fs379/en/ Water Supply (Water Quality) Regulations 2016: http://www.legislation.gov.uk/uksi/2016/614/regulation/30/made

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	43	43	43	43	43
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		2,158	2,158	2,158	2,158	2,158
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000025
Outperformance payment - enhanced	NA

1.2.18 Surface water management

Purpose: This performance commitment incentivises the company to remove surface water in the surface and/or combined sewer wastewater network through Sustainable Urban Drainage (SUDs) approaches.

Benefits: This performance commitment helps reduce the risk of pollution incidents and sewer flooding by freeing up capacity in the surface and/or combined sewer network by slowing down and/or reducing the amount of surface water that reaches the sewer network.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN06
Detailed definition of performance measure	<p>Reduction in volume (m³) of surface water entering the surface or combined sewer network as a result of rough sustainable urban drainage approaches.</p> <p>Solutions include sustainable urban drainage approaches to slow down and reduce the volume of water entering the network. These include, but are not limited to:</p> <ul style="list-style-type: none"> • Provision of a soakaway, either through providing a grant to the customer or through installation by Southern Water. • Provision of a sustainable drainage system which does not connect to a combined sewer network or which materially attenuates the flow of surface water to the combined network (e.g. a rain garden). <p>Examples of further components of SUDs options can be found at: https://www.susdrain.org/delivering-suds/using-suds/suds-components/suds-components.html</p>
Additional detail on measurement units	<p>The company will measure the impact of each of the SUDs schemes it proposes to remove surface water from the sewer network. The following calculations will be used to measure the impact of each scheme:</p>

Unique Reference	PR19SRN_WWN06
	<p>The removal of surface water through disconnection of impermeable areas is substantiated by impermeable area surveys, confirming connectivity to the sewer network and the contributing area in m². The removal of point-source ingress (such as a land drain) is substantiated by confirming connectivity and measuring/estimating flow in litres/second, typically via flow monitoring.</p> <p>The following calculation will be used to estimate the volume of surface water removed by scheme to disconnect impermeable area:</p> $\begin{aligned} \text{Surface water removed (m}^3\text{)} &= \\ &\text{Local rainfall SAAR}^1\text{(m)} \\ &\times \\ &\text{Impermeable Area disconnected (m}^2\text{)} \end{aligned}$ <p>¹ SAAR = seasonally adjusted annual rainfall rate.</p> <p>The company will record the volume of surface water removed for this measure once disconnection of the relevant impermeable area is confirmed and demonstrated. The company will sign off disconnections and have performance independently assured.</p>
Specific exclusions	None
Reporting and assurance	The company will at least once during the five year period publish a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence.
Measurement unit and decimal places	Reduction in volume (m ³) of surface water entering the surface or combined sewer network through sustainable urban drainage approaches to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	Susdrain

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	182,000	182,000	182,000	182,000	182,000
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		67,000	67,000	67,000	67,000	67,000
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		297,000	297,000	297,000	297,000	297,000
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00000208
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00000208
Outperformance payment - enhanced	NA

1.2.19 Community engagement

Purpose: This performance commitment incentivises the company to improve its community engagement.

Benefits: Community engagement can help to deliver the companies outcomes more effectively and at lower cost.

Performance commitment definition and parameters

Unique Reference	PR19SRN_N01
Detailed definition of performance measure	<p>The percentile performance of Southern Water compared to other utility companies in the London Benchmarking Group (LBG) annual report.</p> <p>The company has engaged LBG, a company that measures corporate community investment and philanthropy, to measure the company's performance in line with organisations both within and outside the sector.</p> <p>The measure will be based on the company's annual ranking of utilities companies in the LBG annual report, which will be influenced by the company's ongoing commitment to increase hours volunteered, partnering with charities, raising money for charities, flagship programmes such as Learn to Swim, community and outreach events and administering community grants.</p> <p>Each year the company will convert the ranking into a percentile using the excel function "PERCENTRANK.INC" multiplied by 100 and report this. The data will be organised so that the best company will receive the highest percentile.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentile to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and	NA

Unique Reference	PR19SRN_N01
outperformance payments	
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	http://www.lbg-online.net/

Performance commitment levels

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

1.2.20 Schools visited and engagement with children

Purpose: This performance commitment measures the percentage of good or excellent feedback from schools the company has visited to raise awareness and improve understanding of the value of water, water efficiency and ‘unflushables’.

Benefits: This performance commitment improves children’s awareness and understanding of the value of water, water efficiency and ‘unflushables’ by school visits from the company.

Performance commitment definition and parameters

Unique Reference	PR19SRN_N02
Detailed definition of performance measure	<p>The measure is the percentage of feedback the company receives, from schools that have been visited in the year, which the schools have rated as ‘good’ or ‘excellent’, based on a survey completed after the visit.</p> <p>It is measured annually on a reporting year basis.</p> <p>A ‘visit’ is defined as any activity involving a school, either at the school premises or other venue, which has as its aim the education of pupils in relation to the company’s core activities, including the value of water, water efficiency, ‘unflushables’ and the water cycle.</p> <p>‘Schools’ includes any establishment involved in the education of children under the age of 18.</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p> <p>The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	None

Unique Reference	PR19SRN_N02
Specific exclusions	None
Reporting and assurance	The company will at least once during the five year period publish a report to assess the benefits resulting from the 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.
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	The company is aiming to visit approximately 1 in every 8 schools in its region. This is equivalent to 250 schools over the 2020-25 period, and is consistent with the number of school visits in the 2015-20 period.
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	90	90	90	90	90
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.21 Water supply resilience

Purpose: This performance commitment incentivises the company to improve the resilience in three of its most vulnerable water supply zones through the implementation of its Network 2030 initiative.

Benefits: This performance commitment reduces the risk of customers experiencing loss of supply of greater than 48 hours in the Thanet, Brighton and Isle of Wight water supply zones.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN10																																							
<p>Detailed definition of performance measure</p>	<p>Number of residential properties at risk of long term loss of supply (>48 hours) in the company's Thanet, Brighton and the Isle of Wight water supply zones.</p> <p>A property is considered at risk of long term loss of supply (>48 hours) if it is likely to experience a long term supply interruption if one of the key hazards identified in the table below were to occur.</p> <p>The key hazards and assets that are considered in the assessments are summarised in the table below.</p> <table border="1" data-bbox="576 1084 1394 1514"> <thead> <tr> <th data-bbox="576 1084 858 1196">Key Hazards</th> <th data-bbox="858 1084 991 1196">Water supply works</th> <th data-bbox="991 1084 1123 1196">Service reservoir</th> <th data-bbox="1123 1084 1256 1196">Booster pumping stations</th> <th data-bbox="1256 1084 1394 1196">Trunk mains</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 1196 858 1240">Flooding</td> <td data-bbox="858 1196 991 1240">✓</td> <td data-bbox="991 1196 1123 1240">✓</td> <td data-bbox="1123 1196 1256 1240">✓</td> <td data-bbox="1256 1196 1394 1240">✗</td> </tr> <tr> <td data-bbox="576 1240 858 1285">Critical Asset Failure</td> <td data-bbox="858 1240 991 1285">✓</td> <td data-bbox="991 1240 1123 1285">✓</td> <td data-bbox="1123 1240 1256 1285">✓</td> <td data-bbox="1256 1240 1394 1285">✓</td> </tr> <tr> <td data-bbox="576 1285 858 1330">Contamination</td> <td data-bbox="858 1285 991 1330">✗</td> <td data-bbox="991 1285 1123 1330">✓</td> <td data-bbox="1123 1285 1256 1330">✗</td> <td data-bbox="1256 1285 1394 1330">✓</td> </tr> <tr> <td data-bbox="576 1330 858 1375">Raw Water Loss</td> <td data-bbox="858 1330 991 1375">✓</td> <td data-bbox="991 1330 1123 1375">✗</td> <td data-bbox="1123 1330 1256 1375">✗</td> <td data-bbox="1256 1330 1394 1375">✗</td> </tr> <tr> <td data-bbox="576 1375 858 1420">Malicious Damage</td> <td data-bbox="858 1375 991 1420">✓</td> <td data-bbox="991 1375 1123 1420">✓</td> <td data-bbox="1123 1375 1256 1420">✓</td> <td data-bbox="1256 1375 1394 1420">✗</td> </tr> <tr> <td data-bbox="576 1420 858 1514">Cyber Security Incident</td> <td data-bbox="858 1420 991 1514">✓</td> <td data-bbox="991 1420 1123 1514">✓</td> <td data-bbox="1123 1420 1256 1514">✓</td> <td data-bbox="1256 1420 1394 1514">✗</td> </tr> </tbody> </table>					Key Hazards	Water supply works	Service reservoir	Booster pumping stations	Trunk mains	Flooding	✓	✓	✓	✗	Critical Asset Failure	✓	✓	✓	✓	Contamination	✗	✓	✗	✓	Raw Water Loss	✓	✗	✗	✗	Malicious Damage	✓	✓	✓	✗	Cyber Security Incident	✓	✓	✓	✗
Key Hazards	Water supply works	Service reservoir	Booster pumping stations	Trunk mains																																				
Flooding	✓	✓	✓	✗																																				
Critical Asset Failure	✓	✓	✓	✓																																				
Contamination	✗	✓	✗	✓																																				
Raw Water Loss	✓	✗	✗	✗																																				
Malicious Damage	✓	✓	✓	✗																																				
Cyber Security Incident	✓	✓	✓	✗																																				
<p>Additional detail on measurement units</p>	<p>This measure assesses the number of properties likely to experience long term supply failures if the hazards in the table above were to occur. The impacts of hazards are considered under the following scenarios:</p> <ul style="list-style-type: none"> • Baseline: Considers the current steady state situation • Stressed baseline: Considers a stressed situation where demand (maximum peak week daily demand over the past 5 years) and nitrate levels (maximum levels over past 5 years) are high. <p>The measure calculates the difference in residential properties at risk of long term supply interruptions (>48hrs)</p>																																							

Unique Reference	PR19SRN_WN10
	<p>under the Stressed baseline before and after the Network 2030 programme schemes have been delivered.</p> <p>The calculation of properties for the measure includes an 'institution factor'. When a zone contains a critical facility such as a hospital or prison, an uplift factor of 500 is applied for each premise, in order to represent it within the measurement.</p> <p>The company will aim to use the same methodology and data each year as were used for the company business plan and the resulting improvements will result from the company delivered water service improvements.</p>
Specific exclusions	None
Reporting and assurance	If changes are necessary to the methodology or underlying data, the company will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	100% Water network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	<p>BS65000:2014 Organisational resilience through annual assessments</p> <p>American Water Works Association J100-10 Risk and Resilience Management of Water and Wastewater Systems</p>

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	59,930	59,930	59,930	59,930	38,407
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.22 Properties at risk of receiving low pressure

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN11
Detailed definition of performance measure	<p>The number of properties receiving or at risk of receiving pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance.</p> <p>The low pressure reference level is defined in the reporting guidance, published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf.</p>
Additional detail on measurement units	The low pressure reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
Specific exclusions	No additional exclusions are allowed other than those defined in the reporting guidance.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus

Unique Reference	PR19SRN_WN11
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	242	227	212	197	182
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.23 External sewer flooding

Purpose: This performance commitment incentivises the company to reduce the number of external sewer flooding incidents at properties connected for sewerage services.

Benefits: This performance commitment improves the customer experience by reducing the number of external sewer flooding incidents.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN08
Detailed definition of performance measure	<p>The performance commitment will be reported as the absolute number of the company's external sewer flooding incidents per year including incidents caused by severe weather.</p> <p>The external sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on the 27th March 2018: https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf</p>
Additional detail on measurement units	<p>External flooding: is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of curtilages flooded during each flooding event from a public sewer including incidents on sewers transferred under the</p>

Unique Reference	PR19SRN_WWN08
	<p>Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>See guidance for full definition.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of incidents to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	None

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	4,412	4,141	3,887	3,702	3,525
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		6,618	6,618	6,618	6,618	6,618
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		4,010	3,776	3,533	3,348	3,171
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00727
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00481
Outperformance payment - enhanced	NA

1.2.24 Combined Sewer Overflows (CSO) monitoring

Purpose: This performance commitment incentivises the company to have effective and functioning monitoring equipment in place in all of its CSOs.

Benefits: This performance commitment helps reduce sewer flooding and pollution incidents by providing more detail on incidents and allowing more informed and cost-effective investment decisions to be made by the company.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN10
Detailed definition of performance measure	<p>Percentage of CSOs with effective monitoring.</p> <p>To count as effective monitoring under this measure, the following criteria will apply:</p> <ul style="list-style-type: none"> • The monitor is an ‘Event and Duration Monitor’, which is a monitor that monitors that a CSO has spilt and the duration of the spill; • The monitor is in place and available providing at least 10 months valid data in any one year; • Data from the monitor has been validated, through either internal or external review; and • Data from the monitor has been made available on the company’s website.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of CSOs with effective monitoring to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual

Unique Reference	PR19SRN_WWN10
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	95.00	97.00	99.00	99.90	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.25 Natural capital

Purpose: This performance commitment incentivises the company to better understand the current condition of the environment that it owns, or can influence, and the impact of its interventions.

Benefits: The company understanding the value of natural capital within the environment that it operates will enable more informed investment decisions.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN15
Detailed definition of performance measure	<p>The cumulative number of river catchments for which the company establishes and publishes baseline natural capital accounts.</p> <p>The company will establish baseline natural capital accounts for at least three of its ten catchments (the Test, Arun & Western Streams and Medway catchments) supported by natural and social capital metrics that will allow it to monitor and measure changes in natural capital stocks (extent and condition) and the value of water-related ecosystem services over time as a result of its investments/activities.</p>
Additional detail on measurement units	<p>The Natural Capital Committee (NCC) defines natural capital as:</p> <p><i>"the elements of nature that directly or indirectly produce value to people, including ecosystems, species, freshwater, land, minerals, the air and oceans, as well as natural processes and functions"</i>.</p> <p>Natural (and social) capital accounts are an extension of traditional financial reporting. Applying a natural capital approach involves identifying, quantifying and valuing the impacts or dependencies of a given activity or decision on natural capital and the ecosystem services that flow from it (flood regulation, biodiversity, food etc.). This information is captured in a natural capital account. The nature and significance of any impact and dependency can then be properly accounted for in decision-making.</p> <p>With respect to water companies, this requires an understanding of:</p> <ul style="list-style-type: none"> • The extent and condition of natural capital that is present in the catchments within which it operates. • The type, quantity and value of benefits that flow from these natural capital stocks and the beneficiaries to whom they accrue.

Unique Reference	PR19SRN_WWN15
	<ul style="list-style-type: none"> The impacts and dependencies of operations and specific investment decisions on natural capital and associated ecosystem services. <p>Customers' preferences for environmental goods and services expressed in terms of their willingness to pay to maintain or enhance natural capital and ecosystem service provision.</p> <p>These accounts will be published on the company's website and will be updated periodically.</p> <p>As this is a new measure in the 2020-25 period, the company's CCG was concerned that there was insufficient information on which to set targets. The company will revisit its ambition and set out how much it will outperform its performance commitment by within its annual performance report for 2021-22. It will provide evidence of this review.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of natural capital accounts set up to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	The approach will support the company's contribution to Defra's 25 year Environment Plan and provide a mechanism for measuring the company's contribution to biodiversity and wider environmental net gain.
Links to relevant external documents	None.

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	0	1	1	3
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.26 Gap sites

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_RR06
Detailed definition of performance measure	<p>The number of household gap sites identified by the company and brought into charge annually.</p> <p>A gap site is identified as a property that is not recorded on the company's billing database.</p> <p>To add one more site requires the company to add one property to its billing database.</p>
Additional detail on measurement units	None
Specific exclusions	<p>Properties which have for any reason been included on the company's billing database in the past are excluded from contributing to the score to avoid double counting.</p> <p>Excludes new or existing connections raised by developers through established new connections processes.</p> <p>Excludes non-household properties.</p>
Reporting and assurance	The company is to provide a report by an appropriately qualified external third party setting out assurance that it has rigorous processes that are correctly implemented to identify and bill newly built properties.
Measurement unit and decimal places	Number of gap sites brought into charge to zero decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None

Unique Reference	PR19SRN_RR06
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	65	65	65	65	65
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.27 Thanet sewers

Purpose: This performance commitment is designed to incentivise the company to deliver the third phase of its groundwater protection scheme for Thanet in a timely manner.

Benefits: This performance commitment benefits customers by protecting them against both non-delivery of the project.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WWN16
Detailed definition of performance measure	<p>The expected number of months delay to deliver an enhancement scheme related to the reduction of exfiltration from sewers located within tunnels in Thanet by 31 March 2025.</p> <p>The specification of the scheme is set out in the company's April 2019 business plan.</p>
Additional detail on measurement units	<p>The company will estimate this each year. A delay will be entered as a positive number of months. If the scheme is expected to be delivered early or on time a zero will be entered.</p> <p>If the scheme is abandoned and not delivered, the length of delay for the purpose of calculating this performance measure is deemed to be 60 months.</p> <p>The scheme is considered to be delivered once the asset concerned is functionally completed and successfully commissioned.</p>
Specific exclusions	None
Reporting and assurance	At the next price review the company will submit an assurance report from a suitably qualified external third party that confirms the date on which the scheme is expected to be functionally completed and successfully commissioned.
Measurement unit and decimal places	Months to zero decimal places
Measurement timing	Reporting year
Incentive form	RCV
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	End of period

Unique Reference	PR19SRN_WWN16
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.250
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.28 Distribution input

Purpose: This performance commitment incentivises the company to better manage water resources through improved management of potable water in its distribution network.

Benefits: This performance commitment aims to reduce net water abstraction.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN12
Detailed definition of performance measure	The volume of potable water entering the distribution network for distribution to Southern Water customers.
Additional detail on measurement units	<p>This measure is reported as an annual average in megalitres per day (Ml/d).</p> <p>Distribution input should be reported using the following criteria:</p> <ul style="list-style-type: none"> • Distribution input to the system shall be metered with at least daily readings at all locations of water input to the distribution network at treatment works, boreholes and bulk supply locations; • Meters shall be an appropriate size for the flow to be measured and located at appropriate inputs to the network confirmed by record plans. Any treatment works' take-off downstream of a meter shall be excluded from the distribution input calculations; • Data validity checks shall be carried out at least monthly; • Any missing data shall be infilled using both pre- and post-data for the location over at least one month, extrapolated from pump hours or use of upstream or downstream meters; and

Unique Reference	PR19SRN_WN12
	<ul style="list-style-type: none"> The data transfer systems from meter output to the central database shall be checked and validated on a risk-based frequency every one to two years. <p>This measure should be calculated consistently with other water balance components. If any missing data is infilled then the same data should be used in leakage and per capita consumption (PCC) reporting.</p>
Specific exclusions	It excludes bulk exports to other water undertakers, but includes bulk imports.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Volume of potable water in megalitres per day (MI/d) reported to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	MI/d	NA	525	520	516	510	506
Enhanced underperformance collar	MI/d		NA	NA	NA	NA	NA
Standard underperformance collar	MI/d		NA	NA	NA	NA	NA
Underperformance deadband	MI/d		NA	NA	NA	NA	NA
Outperformance deadband	MI/d		NA	NA	NA	NA	NA
Standard outperformance cap	MI/d		NA	NA	NA	NA	NA
Enhanced outperformance cap	MI/d		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

1.2.29 Value for money

Purpose: To incentivise the company to deliver water and sewerage services that represent value for money for 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	PR19SRN_RR07
Detailed definition of performance measure	<p>Percentage of customers that state they are satisfied with the value for money of water and sewerage services in their area.</p> <p>This performance commitment will be measured through an annual survey of customers that is run by CC Water (Water Matters). The measure will take the results for Southern Water customers only.</p> <p>The proportion of customers that state either 'very' or 'fairly' satisfied on a 5-point scale, as measured by CC Water's annual tracking report 'Water Matters'.</p> <p>It combines a mean average score of the ratings:</p> <ul style="list-style-type: none"> • Satisfaction with value for money for water services; and • Satisfaction with value for money for sewerage services <p>CCWater will interview 200 of Southern Water's customers each year in this survey.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers that state they are satisfied with the value for money of water and sewerage services in their area to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA

Unique Reference	PR19SRN_RR07
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	75	76	77	78	80
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.30 Long-term supply demand schemes

Purpose: This performance commitment incentivises the company to ensure that the region has sufficient treated water supplies in the future.

Benefits: This performance commitment improves the company's capability to protect future customers against the supply risks presented through increasing population, sustainability reductions, drought risk, and a changing climate.

Performance commitment definition and parameters

Unique Reference	PR19SRN_WN13
Detailed definition of performance measure	<p>The expected number of months delay to deliver long term supply-demand capacity benefit of 182.5 MI/d which is expected to be delivered by 31 March 2027.</p> <p>The capacity benefit (MI/d) target represents the total of the stated average capacities for the individual schemes, both treatment and transfer, identified by the company within the business plan and the revised draft WRMP.</p> <p>The following schemes are expected to be delivered:</p> <ul style="list-style-type: none"> • Ford Wastewater Treatment Works (WwTW) indirect potable water reuse (20 MI/d); • Utilise full existing transfer capacity (3 MI/d); • East Woodhay Water Supply Works (WSW) (1 MI/d); • Bournemouth Water supply from Knapp Mill (20 MI/d); • Coastal desalination - Shoreham Harbour (10 MI/d); • Sussex Coast - Lower Greensand (2 MI/d); • Hardham winter transfer: Stage 2 (2 MI/d); • Aylesford WwTW indirect potable water reuse - Eccles Lake (18 MI/d); • Sandown WwTW indirect potable water reuse (8.5 MI/d); and • Internal interconnections (98 MI/d).

Unique Reference	PR19SRN_WN13
Additional detail on measurement units	<p>The company will estimate this each year. A delay will be entered as a positive number of months. If the scheme is expected to be delivered early a zero will be entered.</p> <p>The information used to calculate under performance at the next price review will be based on the report by the external third party.</p>
Specific exclusions	None
Reporting and assurance	<p>A formal review will be carried out to inform the next price review that will determine the progress of the schemes by an appropriately qualified external third party to assess the following:</p> <ul style="list-style-type: none"> • any changes in need: supply/demand benefit; • any changes in need: timing; • any changes in scope (scheme alteration / substitution); and • the progress made in delivering each scheme (and when the benefit will be delivered). <p>Based on the above assessment, the third party will assess the most likely date on which the full planned benefit of supply/demand benefit will be realised.</p> <p>If the review concludes that the planned benefit is less than 182.5 MI/d, costs will be recovered for each MI/d. This is in addition to the timing underperformance payment.</p> <p>The output report for each review will be shared with all stakeholders.</p>
Measurement unit and decimal places	Months to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments in 2024-25 only. In addition at PR24 if less than 182.5MI/d is planned to be delivered we will recover allowed costs using a rate of £0.322m per MI/d.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA

Unique Reference	PR19SRN_WN13
Links to relevant external documents	NA

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.979
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.31 Impounding reservoirs

Purpose: This performance commitment measures the progress of the company in delivering its agreed reservoir safety schemes in a timely manner.

Benefits: Reservoir safety schemes reduce the individual and societal risks presented by reservoir failures. It will help ensure that the company has resilient raw water supplies in the future.

Performance commitment definition and parameters

Unique Reference	PR19SRN_ WR07																													
Detailed definition of performance measure	<p>This performance commitment measures the progress that the company makes against its programme of work for enhancing the safety of four named reservoir assets, measured as the percentage completion of the schemes.</p> <p>The company must increase the drawdown rates for four of its largest impounding reservoirs to at least the basic levels as set out in the below table for the purposes of measuring delivery under this performance commitment. The company must comply with the Reservoirs Act 1975.</p> <table border="1"> <thead> <tr> <th>Statutory reservoir name</th> <th>Basic drawdown standard rate (metres per day at 50 percentile inflow)</th> <th>Latest timing of statutory inspection</th> <th>% completion allocation</th> <th>Target completion date of the works</th> </tr> </thead> <tbody> <tr> <td>Bewl</td> <td>1.00</td> <td>2018</td> <td>48.8</td> <td>11 November 2022</td> </tr> <tr> <td>Darwell</td> <td>0.83</td> <td>2024</td> <td>14.8</td> <td>11 November 2024</td> </tr> <tr> <td>Powdermill</td> <td>0.51</td> <td>2019</td> <td>19.9</td> <td>11 November 2024</td> </tr> <tr> <td>Weirwood</td> <td>0.53</td> <td>2023</td> <td>16.5</td> <td>11 November 2024</td> </tr> </tbody> </table>					Statutory reservoir name	Basic drawdown standard rate (metres per day at 50 percentile inflow)	Latest timing of statutory inspection	% completion allocation	Target completion date of the works	Bewl	1.00	2018	48.8	11 November 2022	Darwell	0.83	2024	14.8	11 November 2024	Powdermill	0.51	2019	19.9	11 November 2024	Weirwood	0.53	2023	16.5	11 November 2024
Statutory reservoir name	Basic drawdown standard rate (metres per day at 50 percentile inflow)	Latest timing of statutory inspection	% completion allocation	Target completion date of the works																										
Bewl	1.00	2018	48.8	11 November 2022																										
Darwell	0.83	2024	14.8	11 November 2024																										
Powdermill	0.51	2019	19.9	11 November 2024																										
Weirwood	0.53	2023	16.5	11 November 2024																										
Additional detail on measurement units	Delivery will be assessed in reporting years. If an obligation is delivered after the reporting year in which it is due, this will be determined as late delivery.																													
Specific exclusions	NA																													

Unique Reference	PR19SRN_ WR07
Reporting and assurance	<p>The company will appoint an appropriately qualified third-party to assure scheme delivery. The conditions for scheme delivery include, but are not limited to that:</p> <ul style="list-style-type: none"> • The statutory inspections have been carried out and that measures in the interests of safety relating to this expenditure have been imposed on the company under the provisions of the Reservoirs Act 1975; • It is demonstrated to the third party assurer that the implemented solutions have gone through a robust technical assurance process; and • The drawdown facilities have been commissioned and the minimum basic recommended standard drawdown rates as stated above have been achieved or surpassed as a direct result of the investment.
Measurement unit and decimal places	The cumulative percentage completion of the schemes in each year reported to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.0347m per unit.
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water resources
Frequency of reporting	Annual
Any other relevant information	<p>The performance commitment is designed to monitor and assure the delivery of the enhancement schemes which are due to be completed by the end of the 2020-25 period so that customers are fully protected for expenditure associated with the company's enhancement claim.</p> <p>The company may choose to bring forward the schedule of inspections if this benefits delivery of the capital works.</p>
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0.0	0.0	48.8	48.8	100.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00705
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.32 Delivery of water industry national environment programme requirements

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

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

Performance commitment definition and parameters

Unique Reference	PR19SRN_NEP01
Detailed definition of performance measure	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
Additional detail on measurement units	The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.
Specific exclusions	None
Reporting and assurance	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
Measurement unit and decimal places	Text stating either “met” or “not met”.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and	NA

Unique Reference	PR19SRN_NEP01
outperformance payments	
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

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

Incentive rates

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

Annex 1: Key performance commitments for Southern Water

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

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

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

Key common performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 15% reduction in annual level of leakage by 2025 from the 2020 level⁵ 	$\frac{(89.6 - 105.4) \text{Ml/d}}{105.4 \text{Ml/d}} \times 100 = -15\%$
<ul style="list-style-type: none"> 7% reduction in per capita consumption by 2024-25 	$\frac{(121 - 130) \text{Ml/d}}{130 \text{Ml/d}} \times 100 = -7\%$
<ul style="list-style-type: none"> 41% reduction in pollution incidents by 2024-25 	$\frac{(19.5 - 32.8) \text{nr}/10000 \text{km}}{32.8 \text{nr}/10000 \text{km}} \times 100 = -41\%$
<ul style="list-style-type: none"> 33% reduction in internal sewer flooding incidents by 2024-25 	$\frac{(1.34 - 1.99) \text{nr}/10000 \text{km}}{1.99 \text{nr}/10000 \text{km}} \times 100 = -33\%$
<ul style="list-style-type: none"> 51% reduction in water supply interruptions by 2024-25 	$\frac{3 \text{min} - 6 \text{min} 11 \text{sec}}{6 \text{min} 11 \text{sec}} \times 100 = -51\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 30% reduction in external sewer flooding incidents by 2024-25 	$\frac{(17.89 - 25.49) \text{nr}/10000 \text{km}}{25.49 \text{nr}/10000 \text{km}} \times 100 = -30\%$
<ul style="list-style-type: none"> 37% increase in total renewable electricity generated as a percentage 	$\frac{(24 - 17.5)\%}{17.5\%} \times 100 = +37\%$

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

<p>of the company's total electricity consumption by 2024-25.</p>	
<ul style="list-style-type: none"> 12% reduction in customer contacts regarding the taste & odour of their drinking water by 2024-25. 	$\frac{(0.21 - 0.24)nr \text{ contacts}/1000\text{connected pop}}{0.24nr \text{ contacts}/1000\text{connected pop}} \times 100 = -12\%$

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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