

July 2019

Trust in water

# PR19 draft determinations

**Thames Water – Outcomes performance  
commitment appendix**

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

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

## **1.1 Common performance commitments**

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

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

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

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

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

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

### 1.1.1 Water quality compliance (CRI)

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_BW06a</b>
<b>Detailed definition of performance measure</b>	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 at <a href="http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf">http://www.dwi.gov.uk/stakeholders/price-review-process/CRI_Def.pdf</a>
<b>Additional detail on measurement units</b>	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations).
<b>Specific exclusions</b>	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
<b>Reporting and assurance</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Numerical CRI score, reported to two decimal places
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	98% water network plus 2% water resources

<b>Unique Reference</b>	<b>PR19TMS_BW06a</b>
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	DWI publishes provisional CRI scores in April each year for the previous calendar year. Final scores are published in July of each year in their annual water quality reports.
<b>Links to relevant external documents</b>	<a href="http://www.dwi.gov.uk/about/annual-report/index.htm">http://www.dwi.gov.uk/about/annual-report/index.htm</a>

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	number	NA	0.00	0.00	0.00	0.00	0.00
<b>Underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Enhanced underperformance threshold</b>	number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	number		2.0	2.0	1.50	1.50	1.50
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Enhanced outperformance threshold</b>	number		NA	NA	NA	NA	NA
<b>Outperformance cap</b>	number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-2.144
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	PR19TMS_BW03
<b>Detailed definition of performance measure</b>	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27<sup>th</sup> March 2018:  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-supply-interruptions.pdf</a></p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>
<b>Additional detail on measurement units</b>	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p>

<b>Unique Reference</b>	<b>PR19TMS_BW03</b>
	Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	ODI rate applies on a per minute basis.
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Underperformance deadband</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	HH:MM:SS		00:04:59	00:04:20	00:03:46	00:03:10	00:02:43
<b>Enhanced outperformance cap</b>	HH:MM:SS		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-1.970
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	1.415
<b>Outperformance payment - enhanced</b>	NA

### 1.1.3 Leakage

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_BW04</b>
<b>Detailed definition of performance measure</b>	The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline. The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on the 27 <sup>th</sup> March 2018:

<b>Unique Reference</b>	<b>PR19TMS_BW04</b>
	<p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
<b>Additional detail on measurement units</b>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (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>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report leakage as a three year average in Ml/d to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (Ml/d) reported to one decimal place.</p>

<b>Unique Reference</b>	<b>PR19TMS_BW04</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in megalitres per day (Ml/d).
<b>Links to relevant external documents</b>	None

#### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	5.0	12.5	17.3	21.2	25.0
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		-10.0	-10.0	-10.0	-10.0	-10.0
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		7.3	14.8	21.9	25.9	29.6
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.389
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.307
<b>Outperformance payment - enhanced</b>	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

<b>Unique Reference</b>	<b>PR19TMS_BW05</b>
<b>Detailed definition of performance measure</b>	Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on the 27th March 2018:

<b>Unique Reference</b>	<b>PR19TMS_BW05</b>
	<p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/">https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
<b>Additional detail on measurement units</b>	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 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>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	<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>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus

<b>Unique Reference</b>	<b>PR19TMS_BW05</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
<b>Links to relevant external documents</b>	None

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level – percentage reduction</b>	%	NA	1.1	2.3	3.4	4.4	6.3
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		-8.8	-8.8	-8.8	-8.8	-8.8
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		4.6	5.7	6.9	7.9	9.7

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

### Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
<b>Underperformance payment - standard</b>	-0.696
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.760
<b>Outperformance payment - enhanced</b>	NA

### 1.1.5 Mains repairs

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_BW01</b>
<b>Detailed definition of performance measure</b>	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 <sup>th</sup> March 2018. <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</a> It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
<b>Additional detail on measurement units</b>	Mains repairs – This includes all physical repair work to mains from which water is lost.

<b>Unique Reference</b>	<b>PR19TMS_BW01</b>
	Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company's active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.
<b>Measurement unit and decimal places</b>	Number of repairs per 1000km of mains, reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	number	NA	231.3	231.3	231.3	231.3	231.3
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		347.0	347.0	347.0	347.0	347.0
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		178.3	178.3	178.3	178.3	178.3
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.414
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.224
<b>Outperformance payment - enhanced</b>	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	PR19TMS_BW02
<b>Detailed definition of performance measure</b>	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4th April 2019.  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/20190327-6.-Unplanned-outage-final-reporting-guidance.pdf</a></p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by 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>
<b>Additional detail on measurement units</b>	See reporting guidance for additional detail.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report its current company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
<b>Measurement unit and decimal places</b>	Percentage of peak week production capacity, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	89% water network plus 11% water resources

<b>Unique Reference</b>	<b>PR19TMS_BW02</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	3.51	3.22	2.92	2.63	2.34
<b>Performance threshold for tier 1 standard underperformance payment rate</b>	%		3.51	3.22	2.92	2.63	2.34
<b>Performance threshold for tier 2 standard underperformance payment rate</b>	%		3.79	3.79	3.79	3.79	3.79
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment tier 1 - standard	-8.891
Underperformance payment tier 2 - standard	-3.090
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	PR19TMS_DW01
<b>Detailed definition of performance measure</b>	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on the 13th March 2018: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Drought-resilience-metric-March-18.pdf</a></p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
<b>Additional detail on measurement units</b>	<p>The metric will be calculated using the following formula:  <math>At\ risk\ if,\ DO - OA &lt; DD + TH</math></p> <p>Where:</p> <p>Deployable output (supply) = DO            Outage allowance (unavailable supply) = OA            Dry year demand = DD            Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of</p>

<b>Unique Reference</b>	<b>PR19TMS_DW01</b>
	a water resource zone) by the total number of customers served by the company.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	As defined in the reporting guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk reported to one decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	77.0	77.0	77.0	76.9	76.9
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA

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

### Incentive rates

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

### 1.1.8 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

<b>Unique Reference</b>	<b>PR19TMS_AR06</b>
<b>Detailed definition of performance measure</b>	This common performance commitment is defined in the reporting guidance: 'Reporting guidance – Common performance commitment for the Priority Service Register'.

Unique Reference	PR19TMS_AR06
	<p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> <li>• The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company's PSR;</li> <li>• Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period;</li> <li>• Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period.</li> </ul> <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
<p><b>Additional detail on measurement units</b></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)  Total households – Total number of households served (recorded on 31 March)  Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)  Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)</p>
<p><b>Specific exclusions</b></p>	<p>None</p>
<p><b>Reporting and assurance</b></p>	<p>Companies should also report the following information:</p> <p><b>PSR reach:</b> companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p><b>PSR data-checking:</b> Companies should report the number of households added and removed from the PSR if the data is</p>

<b>Unique Reference</b>	<b>PR19TMS_AR06</b>
	not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.
<b>Measurement unit and decimal places</b>	PSR reach: percentage of applicable households, reported to one decimal place. Actual contacts: percentage of applicable households, reported to one decimal place. Attempted contacts: percentage of applicable households, reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	'Reporting guidance – Common performance commitment for the Priority Service Register'

### Performance commitment levels

		<b>Initial level</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level: Reach</b>	%	NA	3.0	4.0	5.0	6.0	7.0
<b>Performance commitment level: Actual contact</b>	%		25.0	50.0	50.0	50.0	50.0

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level: Attempted contact</b>	%		45.0	90.0	90.0	90.0	90.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.1.9 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	PR19TMS_CS03
<b>Detailed definition of performance measure</b>	<p>The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on the 27<sup>th</sup> March 2018 <a href="https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2018/03/Reporting-guidance-sewer-flooding-updated-April-2018.pdf</a>.</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>
<b>Additional detail on measurement units</b>	<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> <p>The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.</p>
<b>Specific exclusions</b>	As defined in the reporting guidance.

<b>Unique Reference</b>	<b>PR19TMS_CS03</b>
<b>Reporting and assurance</b>	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.
<b>Measurement unit and decimal places</b>	Number of incidents per 10,000 sewer connections reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	number	NA	1.68	1.63	1.58	1.44	1.34
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		3.35	3.35	3.35	3.35	3.35

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		1.43	1.35	1.28	1.20	1.13
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-21.635
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	16.762
<b>Outperformance payment - enhanced</b>	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

<b>Unique Reference</b>	<b>PR19TMS_ES01</b>
<b>Detailed definition of performance measure</b>	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.

<b>Unique Reference</b>	<b>PR19TMS_ES01</b>
	<p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf</a></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>
<b>Additional detail on measurement units</b>	As defined in the reporting guidance
<b>Specific exclusions</b>	Are as defined in the reporting guidance
<b>Reporting and assurance</b>	<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>
<b>Measurement unit and decimal places</b>	Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	<p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf</a></p> <p>Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency</p>

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	24.51	23.74	23.00	22.40	19.50
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-1.270
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	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

<b>Unique Reference</b>	<b>PR19TMS_DS01</b>
<b>Detailed definition of performance measure</b>	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: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2019/04/Reporting-guidance-Risk-of-sewer-flooding-in-a-storm_final_290319.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2019/04/Reporting-guidance-Risk-of-sewer-flooding-in-a-storm_final_290319.pdf</a> 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
<b>Additional detail on measurement units</b>	See guidance document for full details of the calculation and measurements units.
<b>Specific exclusions</b>	As defined in the guidance.
<b>Reporting and assurance</b>	As defined in the guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	10.25	10.25	10.25	10.25	9.90
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.1.12 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

<b>Unique Reference</b>	<b>PR19TMS_CS02</b>
<b>Detailed definition of performance measure</b>	<p>Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on the 4th April 2019: <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/</a></p> <p>Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment</p>
<b>Additional detail on measurement units</b>	<p>Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p>
<b>Specific exclusions</b>	As defined in the guidance.
<b>Reporting and assurance</b>	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.
<b>Measurement unit and decimal places</b>	Number of collapses per 1000km of sewer network, reported to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period

<b>Unique Reference</b>	<b>PR19TMS_CS02</b>
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	number	NA	4.00	4.00	4.00	4.00	4.00
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.967
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.755
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

<b>Unique Reference</b>	<b>PR19TMS_CS01</b>
<b>Detailed definition of performance measure</b>	<p>Treatment works compliance is defined in the reporting guidance for PR19 – Water &amp; Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf</a></p> <p>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.</p>
<b>Additional detail on measurement units</b>	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.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements.

<b>Unique Reference</b>	<b>PR19TMS_CS01</b>
<b>Measurement unit and decimal places</b>	Percentage compliance, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	Performance against this performance commitment is also published annual in Environment Agency water and sewerage companies' annual report.
<b>Links to relevant external documents</b>	See Environment Agency website for annual reports

### Performance commitment levels

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

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-3.063
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	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

<b>Unique Reference</b>	<b>PR19TMS_AR01</b>
<b>Detailed definition of performance measure</b>	<p>C-MeX is a composite measure of customer satisfaction. A company's C-MeX score is calculated as the weighted average of customer satisfaction (CSAT) scores and net promoter scores (NPS), from customer service (CS) and customer experience (CE) surveys. Standard and enhanced payments under C-MeX depend on a company's performance relative to those of the other companies.</p> <p>Higher performance payments are available if the company passes each of the following three 'gates':</p> <ol style="list-style-type: none"> <li>1. is one of the top three performers by C-MeX score;</li> </ol>

Unique Reference	PR19TMS_AR01
	<p>2. has lower than the industry average number of complaints (per 10,000 connections); and</p> <p>3. is at or above the C-MeX all sector upper quartile (ASUQ) threshold, which is based on the UK Customer Satisfaction Index (CSI) measure of customer satisfaction in the UK, run by the Institute of Customer Services.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company's C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates, above) depends on its C-MeX score relative to those of the other companies. Specifically, it depends on how many standard deviations (SD) the company's score is from the industry average C-MeX score, determined as:</p> <p><b>SD score = (company C-MeX – C-MeX mean) / C-MeX SD</b></p> <p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> <p><b>C-MeX score = (40% CS CSAT) + (40% CE CSAT) + (20% combined CS and CE NPS)</b></p> <p>CSAT and NPS scores are normalised to a scale of 0 to 100. Three points are deducted from the C-MeX score if the company fails to offer at least five channels (including at least three on-line), to receive customer contacts and complaints.</p> <p>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p> <p><b>C-MeX ASUQ = C-MeX Mean + (UKCSI ASUQ - UKCSI Mean) / UKCSI SD * C-MeX SD</b></p> <p>where:</p> <ul style="list-style-type: none"> <li>• 'C-MeX Mean' is the mean average of all water companies' C-MeX scores,</li> <li>• 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys),</li> <li>• 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year,</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_AR01</b>
	<ul style="list-style-type: none"> <li>• ‘UKCSI SD’ is the standard deviation of water companies’ scores in the UKCSI report relating to the relevant year, and</li> <li>• ‘C-MeX SD’ is the standard deviation of the C-MeX scores of all water companies.</li> </ul>
<b>Specific exclusions</b>	As set out in the PR19 DD C-MeX and D-MeX annex of ‘Delivering outcomes for customers policy appendix’
<b>Reporting and assurance</b>	Reporting and assurance should be in the form and manner set out in the guidance <sup>1</sup>
<b>Measurement unit and decimal places</b>	Score out of 100, to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational and revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The company’s C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in ‘Thames Water draft determination’ and ‘Thames Water – Allowed revenue appendix’).
<b>Links to relevant external documents</b>	PR19 DD C-MeX and D-MeX ‘Delivering outcomes for customers policy appendix’

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

## Incentive rates

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

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

### 1.1.15 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	PR19TMS_AWS01
<p><b>Detailed definition of performance measure</b></p>	<p>D-MeX is a composite measure of customer satisfaction. A company's D-MeX score is calculated from the weighted average of its:</p> <ul style="list-style-type: none"> <li>• qualitative D-MeX score, based on scores from a customer satisfaction survey based on transactions; and</li> <li>• quantitative D-MeX score, based on the company's performance against a set of Water UK performance metrics.</li> </ul> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score are<sup>3</sup>:</p> <ul style="list-style-type: none"> <li>W1.1 Pre-development enquiry – reports issued</li> <li>W2.1 s45 applications – written acknowledgment</li> <li>W3.1 s45 quotations</li> <li>W4.1 s45 service pipe connections</li> <li>W5.1 Mains design – written acknowledgment</li> <li>W6.1 Mains design &lt;500 plots - quotations</li> <li>W7.1 Mains design &gt;500 plots - quotations</li> <li>W8.1 Mains construction</li> <li>W16.1 Mains diversions – written acknowledgement</li> <li>W17.1 Mains diversions (without constraints) - quotations</li> <li>W17.2 Mains diversions (with constraints) - quotations</li> <li>W18.1 Mains diversions - construction/commissioning</li> <li>W19.1 Self-lay point of connection applications – written acknowledgement</li> <li>W20.1 Self-lay Point of Connection report &lt; 500 plots etc. - reports issued</li> </ul>

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

Unique Reference	PR19TMS_AWS01
	<p>W21.1 Self-lay Point of Connection reports &gt;500 plots etc. - reports issued</p> <p>W22.1 Self-lay design approval and terms request – written acknowledgement</p> <p>W23.1 Self-lay design and terms request &lt;500 plots etc. - quotations</p> <p>W24.1 Self-lay design and terms request &gt;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 &amp; diversions - acknowledgements</p> <p>S6.1 Technical vetting of adoptions &amp; 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><b>Additional detail on measurement units</b></p>	<p>The company's D-MeX score is calculated using the following formula:</p> <p><b>D-MeX score = (50% Qual) + (50% Quant)</b></p> <p>Where:</p> <ul style="list-style-type: none"> <li>• 'Qual' is a combination of the overall satisfaction score given by developer customers surveyed in the customer satisfaction survey; and</li> <li>• 'Quant' is a combination of Water UK performance metrics which have non-zero volumes.</li> </ul>
<p><b>Specific exclusions</b></p>	<p>As set out in the PR19 DD C-MeX and D-MeX annex of 'Delivering outcomes for customers policy appendix'</p>

<b>Unique Reference</b>	<b>PR19TMS_AWS01</b>
<b>Reporting and assurance</b>	Reporting and assurance should be in the form and manner set out in the guidance <sup>4</sup>
<b>Measurement unit and decimal places</b>	Score out of 100, to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational and revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	56% water network plus 44% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The company's D-MeX payments are calculated by multiplying its incentive rate by its annual developer services revenue.
<b>Links to relevant external documents</b>	C-MeX and D-MeX annex of 'Delivering outcomes for customers policy appendix'

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

## Incentive rates

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

## 1.2 Bespoke performance commitments

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

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

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

### 1.2.1 Water quality events

**Purpose:** This performance commitment incentivises the company to reduce the number of category 3, 4 and 5 water quality events that impact customers.

**Benefits:** The benefits of this performance commitment will be a more reliable water supply and improved customer confidence in the supply provided.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_BW09
Detailed definition of performance measure	<p>The number of water quality events categorised as 3, 4 or 5 by the Drinking Water Inspectorate (DWI) that impact customers.</p> <p>Impact customers means:</p> <ul style="list-style-type: none"> <li>the company issues restriction of use advice (or the DWI considers the company should have taken such action); or</li> <li>where one or more customers directly contacts the company by telephone, letter, email or website in response to a problem.</li> </ul>
Additional detail on measurement units	<p>Water quality events are notified to the DWI in line with their published guidance and company's internal triggers. Each event is independently assessed by the DWI which assigns it a category score.</p>

Unique Reference	PR19TMS_BW09
	<p>The DWI assesses each notified event and assigns it a category score depending upon its determined impact. The following category definitions are taken from the DWI's "Guidance on notification of events, August 2009" document.</p> <ul style="list-style-type: none"> <li>• 'Category 1. Not significant' – least potential negative impact on public confidence in the water supply.</li> <li>• 'Category 2. Minor' – some potential for negative impact on public confidence in the water supply, but not requiring significant level of investigation.</li> <li>• 'Category 3. Significant' – potential for negative impact on public confidence in the water supply requiring a detailed investigation and assessment of the event by a warranted Inspector.</li> <li>• 'Category 4. Serious' – significant potential for negative impact on public confidence in the water supply requiring a detailed investigation and assessment of the event by a warranted Inspector, possibly with additional internal and external support (to be determined on initial assessment of the circumstances of the event).</li> <li>• 'Category 5. Major' - significant potential for negative impact on public confidence in the water supply requiring a detailed investigation and assessment of the event by a warranted Inspector with additional internal and external support at all seniority levels (to be determined on initial assessment of the circumstances of the event).</li> </ul> <p>This performance commitment is a measure of the number of category 3, 4 and 5 water quality events that have impacted customers. The DWI set out event notification criteria in their document "Guidance on the notification of events, August 2009". The company's internal triggers apply this guidance to enable it to be consistent in its event notifications.</p>
<b>Specific exclusions</b>	Category 3, 4 and 5 events that do not require the company to issue "restriction of use" advice, and those that do not prompt customers to directly contact the company by telephone, letter, email or website in response to a problem.
<b>Reporting and assurance</b>	The company will set out a methodology statement which outlines the processes and procedures for collecting data and calculating the metric to ensure consistency in the approach to reporting performance.
<b>Measurement unit and decimal places</b>	Number of events (category 3, 4 and 5) to zero decimal places
<b>Measurement timing</b>	Calendar year

<b>Unique Reference</b>	<b>PR19TMS_BW09</b>
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	10	9	8	8	8
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.036
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.2 Unregistered household properties

**Purpose:** This performance commitment incentivises the company to reduce the number of properties in its region where water and wastewater services are being utilised but the property is not being billed.

**Benefits:** Reducing the number of properties, which are occupied but not billed as the property is not on the billing database, will result in fairer charges between customers and lower bills for customers already paying.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_ER01
Detailed definition of performance measure	<p>This performance commitment assesses If the company has completed all processes to find unregistered household properties.</p> <p>Unregistered household properties (also known as ‘gap sites’) are properties where water and/or wastewater services are being consumed, but the property is not in the company’s system and is therefore not billed. This performance commitment is to ensure that the company has robust and consistent processes in place in order to minimise the number of unregistered properties within its region. The company will use third party datasets to cross reference with its billing system on a quarterly basis in order to identify mismatches in the properties registered. The processes include:</p> <ul style="list-style-type: none"> <li>• A defined team will be responsible for downloading external data and using it to cross reference against internal records. The team will analyse this data to identify any sites that appear on the external data, but not on the company’s systems (and therefore appear to be unregistered). The team will be responsible for monitoring progress of sites being confirmed as being put into charge or confirmed as not existing;</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_ER01</b>
	<ul style="list-style-type: none"> <li>confirmed unregistered sites will be passed on to the relevant teams to input in to the system and take further steps to bring in to charge, as appropriate; and</li> <li>the company will use a minimum of three data sources in each quarter. These sources are not defined, but are likely to include examples such as Experian, Royal Mail postcode address file (PAF), Land Registry etc. These will be reviewed further for suitability and quality as the company starts testing the process.</li> </ul>
<b>Additional detail on measurement units</b>	<p>This will be measured and reported as either:</p> <ul style="list-style-type: none"> <li>'Process completed'; or</li> <li>'Process not completed'.</li> </ul>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Performance on this measure will be assured by an external third party including:</p> <ul style="list-style-type: none"> <li>that the defined team have the capacity and suitable skills to analyse the external data to identify unregistered properties and have adequate processes to manage internal processes from identification of a potential unregistered property to the property being billed or confirmation of their non-existence.</li> <li>the acquisition of external data relevant to unregistered property analysis;</li> <li>the incorporation of this data into the company's internal unregistered property analysis process; and</li> <li>the number each year of potential unregistered properties identified, the number billed, the number that are void and the number confirmed not to exist.</li> </ul> <p>The report from the external third party will be published.</p>
<b>Measurement unit and decimal places</b>	'Process completed' or 'Process not completed'
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments if "Process not completed"
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19TMS_ER01</b>
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

### Incentive rates

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

### 1.2.3 Surface water management

**Purpose:** The purpose of this performance commitment is to incentivise the company to adopt more sustainable approaches to managing surface water that either more closely mimic the natural environment or make use of alternative surface water systems.

**Benefits:** This performance commitment helps achieve the following benefits:

- improved resilience by managing the quantity or rate of surface water runoff;
- reduced risk of pollution by improving the quality of surface water run-off;
- improved amenity of public spaces as well as wider community benefits; and
- improved biodiversity and customers' experience of their natural environment.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_DS02
<p><b>Detailed definition of performance measure</b></p>	<p>The hectares of surface area disconnected from the combined sewer system or from which the flow of surface water is attenuated by a sustainable drainage system from 1 April 2020.</p> <p>The company will measure the total 'effective contributing area', that is, the area that generates surface water which communicates with its assets, which is then through appropriate surface water management diverted and passes through either a sustainable drainage system or new surface water system that does not communicate with combined sewers.</p> <p>The company will prioritise the areas where it seeks to reduce the flow to its combined sewer network by combining four different approaches:</p> <ul style="list-style-type: none"> <li>• headroom capacity assessment using the 21st century drainage programme approach, modified to improve accuracy where specific issues exist within catchments e.g. groundwater infiltration and basements;</li> <li>• fifty year resilience approach as developed by the 21st century drainage programme;</li> <li>• historical modelling using information from the company's sewer flooding history database, pollutions database and past studies; and</li> <li>• pipe volume capacity – using the company's known map of sewers. Calculating the total volume of storage within the sewer network and comparing it to the population or expected inflow at appropriate points.</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_DS02</b>
	<p>Each of the above is used to develop a thematic map whereby the company differentiates between sewer drainage area catchments (SDACs) with relatively high or low headroom. These maps are then reviewed for accuracy by the company's asset planning team.</p> <p>The company may supplement the above prioritisation approach or propose new more accurate approaches than the one specified above. However, any amendments to the prioritisation approach must be robustly justified and in line with surface water management best practice.</p>
<b>Additional detail on measurement units</b>	<p>Surface water management means the reduction, modification or removal of surface water from the sewerage system to reduce the risk of flooding and pollution. It also includes managing the risk that groundwater and land drainage poses to the sewerage system when ground water levels are high following prolonged rainfall.</p> <p>The company shall work in partnership with local authorities and other third party organisations, whenever possible, to improve performance on this measure.</p>
<b>Specific exclusions</b>	<p>This performance commitment is not applicable for contributing area which already drain to surface/foul sewer networks.</p> <p>Any schemes on site delivery before 31 March 2020.</p>
<b>Reporting and assurance</b>	<p>The company will publish assurance by an appropriately qualified external third party that:</p> <ul style="list-style-type: none"> <li>the areas have been prioritised to focus on areas that are likely to significantly reduce the risk of pollution incidents or sewer flooding; and</li> <li>the company has incorporated best practice of surface water management in delivering solutions.</li> </ul> <p>Any outperformance or underperformance payments will be calculated and applied based on the cumulative total in 2024-25.</p>
<b>Measurement unit and decimal places</b>	Number of hectares to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments only for 2024-25.
<b>Timing of underperformance and outperformance payments</b>	End of period

<b>Unique Reference</b>	<b>PR19TMS_DS02</b>
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Hectares	NA	5.00	10.00	20.00	40.00	65.00
<b>Enhanced underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Hectares		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Hectares		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.056
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.037
Outperformance payment - enhanced	NA

### 1.2.4 Smarter water catchment initiatives

**Purpose:** This performance commitment incentivises the company to understand the extent of additional achievable benefits and efficiencies available from tackling multiple catchment management issues together.

**Benefits:** This performance commitment aims to improve the approach to catchment management and the resolving of environmental issues in three river catchments (Crane, Evenlode and Chess).

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS02
<b>Detailed definition of performance measure</b>	<p>Number of catchments that have an agreed catchment plan (which extends for at least 10 years) created in collaboration with the company's partners for each catchment as evidenced by formal support by relevant stakeholders and delivery of the actions set out in the catchment plan for the relevant reporting year.</p> <p>Delivery of the company's smarter water catchments initiative to undertake whole-river catchment interventions designed to address multiple environmental issues simultaneously. Initiatives will be delivered in partnership with at least one other organisation within the company's operational area.</p> <p>The company has identified three river catchments (Crane, Evenlode and Chess) where it considers there are multiple environmental challenges or issues that have relevance to its activities and in which the company has already have established working relationships with local stakeholders and catchment partnerships.</p>
<b>Additional detail on measurement units</b>	This performance commitment will be measured as the number of smarter water catchments initiatives implemented in the three river catchments (Crane,

<b>Unique Reference</b>	<b>PR19TMS_EWS02</b>
	Evenlode and Chess) where one or more environmental issues are addressed.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will publish assurance by an appropriately qualified external third party that: <ul style="list-style-type: none"> <li>• all appropriate stakeholders in a catchment have been approached to be engaged in the partnership in each catchment;</li> <li>• all partners agreed to the catchment management plan;</li> <li>• all actions have been delivered in the report year</li> <li>• the contribution by other organisations delivered additional benefit.</li> </ul>
<b>Measurement unit and decimal places</b>	Number of catchments to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	0	3	3	3	3
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.811
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.5 Sludge treated before disposal

**Purpose:** This performance commitment incentivises the company to improve the percentage of sludge that is treated before disposal.

**Benefits:** This performance commitment helps to increase treated sludge which reduces environmental impacts due to fewer vehicles leaving sludge centres and increased energy recovery from sludge.

## Performance commitment definition and parameters

Unique Reference	PR19TMS_ES03
<b>Detailed definition of performance measure</b>	<p>The percentage of sludge sent to treatment prior to disposal.</p> <p>Sewage sludge is a product of the wastewater treatment process.</p> <p>The performance commitment is defined as the percentage of wastewater sludge treated before disposal, where treatment includes chemical, biological and thermal processes. This includes all sludge collected from wastewater network plus and any third party sludge (such as sludge traded in from other water companies) that has been either transported by road, pipeline or indigenous co-located sludge, and treated at one of the company's sludge treatment centres (STCs).</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	Sludge exported out of the company's region is excluded if it is treated before disposal.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% bioresources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	This performance commitment is relevant because sludge treatment helps turn one of the company's primary resources into an income stream; it enables the company to 'sell' electricity to wastewater network plus, receive renewable energy incentives (such as renewable obligation certificates (ROCs) on the power generated or renewable heat incentives (RHI) on the heat used) and sell treated biosolids to farmers as a fertiliser.
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	96.6	97.2	97.8	98.4	99.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.413
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.6 Sewage pumping station availability

**Purpose:** This performance commitment incentivises the company to reduce the number of failures from network pumping stations that could affect customers and the environment.

**Benefits:** Fewer network pumping station failures helps to reduce property flooding and improves the environment, through reduced pollution incidents.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_CS05
Detailed definition of performance measure	<p>The average annual asset availability of pumps in network catchment sewage pumping stations across the company's region.</p> <p>The performance commitment includes all sewerage pumping stations that are reported dynamically through the company's Supervisory Control And Data Acquisition (SCADA) system. This equates to about 2,680 pumping stations with 6,000 pumps in total and 95% of its larger sewage pumps. This number includes all installed pumps in the SCADA connected facilities including those that are rarely used.</p>
Additional detail on measurement units	The calculation is made weekly and then averaged over the 52 weeks to give an annual average value every financial year.
Specific exclusions	<p>The measure excludes:</p> <ul style="list-style-type: none"> <li>terminal sewage pumping stations, i. e. pumping stations located within the boundary of sewage treatment works;</li> <li>pumping stations where asset availability is not reported through SCADA. (Typically because they are recently adopted S105a pumping stations.)</li> <li>local package sewage pumping stations that are designed to protect individual properties from flooding following heavy rainfall.</li> </ul>
Reporting and assurance	The company shall maintain a list of stations and pumps that are reported and monitored in the Supervisory Control And Data Acquisition (SCADA) system and used for this measure. Any changes to this list must be appropriately justified. This applies in particular to any large and/or critical assets.
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and	In-period

<b>Unique Reference</b>	<b>PR19TMS_CS05</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Maintaining reliable operation of assets critical to achieving System Commissioning Commencement of the Thames Tideway Tunnel (TTT) scheme by October 2022 is implicit within this performance commitment.
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	96.0	96.6	97.2	97.8	98.5
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.999
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.7 SEMD - Securing our sites (2020-25 projects)

**Purpose:** This performance commitment incentivises the company to secure its assets and sites from hazards such as terrorism and malicious threats.

**Benefits:** This performance commitment improves the long-term resilience of the company and helps it to deliver a consistent service to its customers, while also protecting customers from non-delivery.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_DWS02
<b>Detailed definition of performance measure</b>	The percentage of an agreed number of specified sites brought into compliance with Security and Emergency Measures Direction (SEMD) requirements and assessed against a set of criteria agreed with Defra from 1 April 2020. This performance commitment only applies to a list of sites agreed between the company and Defra by the PR19 final determination which is [28 boreholes]. This is the same measure that Defra request the water industry use when reporting to them. Full compliance is assessed against criteria established by Defra.
<b>Additional detail on measurement units</b>	Percentage compliance of specified sites with SEMD requirements assessed against a set of criteria, as agreed with Defra. These sites will be assessed as compliant or not compliant.
<b>Specific exclusions</b>	Legacy projects that are outstanding from the 2020-25 period, which are covered by PR19TMS_DWS03 ('SEMD - Securing our sites (legacy projects)') are excluded.
<b>Reporting and assurance</b>	The reported level of compliance will be annually audited by an independent SEMD Certifier and this report will be shared with Defra and Ofwat, including the value of the work completed.

<b>Unique Reference</b>	<b>PR19TMS_DWS02</b>
	The annual audit by an independent SEMD certifier reviews compliance, derogations and reports on the “quantity of sites” completed.
<b>Measurement unit and decimal places</b>	Percentage to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments only for 2024-25. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.100m per unit.
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	72.0% water network plus 28.0% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	45.0	80.0	87.5	93.5	100.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0403
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.8 SEMD - Securing our sites (legacy projects)

**Purpose:** This performance commitment incentivises the company to secure its assets and sites from hazards such as terrorism and malicious threats. This performance commitment is specifically for projects which are outstanding from the 2015-20 period.

**Benefits:** This performance commitment improves the long-term resilience of the company and helps it to deliver a consistent service to its customers.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_DWS03
<b>Detailed definition of performance measure</b>	<p>The percentage of an agreed number of specified projects brought into compliance with Security and Emergency Measures Direction (SEMD) requirements and assessed against a set of criteria agreed with Defra.</p> <p>The performance commitment only includes the 591 legacy projects agreed at PR14 which remain outstanding in the</p>

<b>Unique Reference</b>	<b>PR19TMS_DWS03</b>
	2020-25 period. The percentage of projects complete is to include projects already completed in the 2015-20 period. Full compliance is assessed against criteria established by Defra.
<b>Additional detail on measurement units</b>	Percentage compliance of specified projects with SEMD requirements assessed against a set of criteria, as agreed with Defra. These sites will be assessed as compliant or not compliant.
<b>Specific exclusions</b>	New projects which were not due in the 2015-20 period.
<b>Reporting and assurance</b>	The reported level of compliance will be annually audited by an independent SEMD Certifier and this report is shared with Defra and Ofwat, including the value of the work completed.  The annual audit by an independent SEMD certifier reviews compliance, derogations and reports on the “quantity of projects” completed.
<b>Measurement unit and decimal places</b>	Percentage to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payment only applies for 2024-25
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	75.4% water network plus 24.6% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.381
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.9 Security of supply index SoSI

**Purpose:** This performance commitment incentivises the company to ensure that it can guarantee planned levels of service for water restrictions.

**Benefits:** If achieved this will provide a reliable water supply to customers.

## Performance commitment definition and parameters

Unique Reference	PR19TMS_DW02
<b>Detailed definition of performance measure</b>	<p>The security of supply index (SOSI) indicates if the water company has sufficient water resources and a value below 100 indicates a shortfall against the company's planned levels of service for water restrictions. The lower the value the larger the shortfall. Large deficits between supply and demand will cause the index to go negative. It assesses the extent to which the company is able to guarantee a planned level of service at the end of the financial year. The index is based on the difference between the available headroom and the target headroom in each Water Resource Zone (WRZ) in a dry year.</p>
<b>Additional detail on measurement units</b>	<p>The index is based on the difference between the available headroom (see below) and the target headroom specified in a WRMP for each resource zone. The 'surplus/deficit' is then expressed as a percentage of the sum of dry year distribution input and target headroom.</p> <p>Available headroom = WAFU (water available for use) Environment Agency definition (MI/d) + bulk imports (MI/d) – bulk exports (MI/d) – dry year distribution input (MI/d).</p> <p>The population in each zone with a headroom deficit is expressed as a percentage of the company total population. Where the zone is not in deficit, zero should be entered in 'percentage of total population with headroom deficit'.</p> <p>Zonal index is then derived by multiplying the percentage of total population with headroom deficit by the square of the percentage deficit for each zone. This means that the index is a function of the square of the deficit, so that large deficits affecting small zones weigh in the overall index.</p> <p>Multiply the product for each zone by 100, and sum to produce the overall company score.</p> <p>The final company-wide, security of supply index is then calculated as:</p> <p><math>(1 - \text{overall total company score for the zonal index}) \times 100</math></p> <p>The resulting score should be rounded down to the nearest whole number.</p> <p>The components of the Security of Supply Index calculation are annual averages and peak week values in MI/d. As SoSI is a measure of the company's ability to supply water in a dry year, the MI/d volumes are then adjusted for any weather effect to give the right return periods (the dry year MI/d volume of water available). The score reported is the lower of the two scores produced by annual averages and peak week values in MI/d</p>
<b>Specific exclusions</b>	None

<b>Unique Reference</b>	<b>PR19TMS_DW02</b>
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	SOSI score to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	67% water resources 33% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	This is a continuation of the existing annual Security of Supply (SOSI) index.
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.224
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

#### 1.2.10 Responding to major trunk mains bursts

**Purpose:** This performance commitment incentivises the company to both reduce trunk main bursts and increase speed of response to trunk mains bursts that occur.

**Benefits:** Reducing the impact of trunks mains bursts reduces the number and duration of water supply interruptions.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_BW11</b>
<b>Detailed definition of performance measure</b>	The average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more, where the cause is identified as failure of a trunk main.  The average number of minutes are as defined in PR19TMS_BW03 water supply interruptions but are only included for those interruptions where the cause is identified as failure of a trunk main ( $\geq 18''$ ).
<b>Additional detail on measurement units</b>	None

<b>Unique Reference</b>	<b>PR19TMS_BW11</b>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Average lost time per customer in hours:minutes:seconds
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Time	NA	00:01:43	00:01:39	00:01:35	00:01:30	00:01:26
<b>Enhanced underperformance collar</b>	Time		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Time		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Time		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Time		NA	NA	NA	NA	NA

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

### Incentive rates

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

#### 1.2.11 Renewable energy produced

**Purpose:** This performance commitment incentivises the company to increase the amount of usable renewable energy (electricity, gas and heat) produced from its operations.

**Benefits:** Increasing renewable energy benefits the environment by reducing the company's carbon footprint. It also increases the company's resilience against power supply disruption, improves cost certainty and increases the efficiency of its existing renewable energy generation.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS03
<b>Detailed definition of performance measure</b>	Gigawatt hours (GWh) of renewable energy produced from the company's operational business. The company will increase the amount of renewable energy (electricity, heat and gas) produced from its operational business. Renewable energy comes from sources such as biofuel, biomass/biogas, geothermal, hydropower, solar energy, tidal power, heat and wind power.

<b>Unique Reference</b>	<b>PR19TMS_EWS03</b>
	The definition is broader than the electricity generated from renewable sources. It includes other energy sources such as biogas exported to the national grid and heat put to productive use. The company will measure the gross and net output of each of its renewable generators using smart metering which meets the Elexon Code of Practice 4 (CoP4) industry standard. The methodology for reporting all renewable energy generation is defined by the industry standard 'carbon accounting workbook'.
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will report on the renewable energy produced annually, together with the calculations to convert the energy into gigawatt hours.</p> <p>The company will publish assurance by appropriately qualified external third party that:</p> <ul style="list-style-type: none"> <li>• values included in calculations are from reliable sources;</li> <li>• where possible smart meters are implemented for each renewable generator that meet the Elexon Code of Practice 4 (CoP4) industry standard; and</li> <li>• calculations reflect best practice.</li> </ul>
<b>Measurement unit and decimal places</b>	Gigawatt hours (GWh) to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	10% wastewater network plus 90% bioresources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Renewable energy sources typically fall into one of the following: biofuel, biomass, geothermal, hydropower, solar energy, tidal power, wave power, renewable heat and wind power. Below are some examples of how the company will explore these opportunities:

Unique Reference	PR19TMS_EWS03
	<ul style="list-style-type: none"> <li>• Biomass/Biogas – the company is exploring new technologies and processes to unlock more renewable energy from sludge treatment in the form of biogas.</li> <li>• Anaerobic digestion – the conventional process of choice for most of the industry, is efficient at producing biogas. Many of the company’s sludge treatment centres now use thermal hydrolysis and it is trialling pyrolysis to generate more biogas from sludge. If the biogas is produced to a sufficient quality it can also be exported to the grid or used as a road transport fuel.</li> <li>• Geothermal – the difference in temperature between the surface and soil underground can be explored as a renewable energy source using a heat pump, as an example. Sewage is also at a greater temperature than the ambient temperature and this could be explored as a renewable heat energy source.</li> <li>• Hydropower – the company’s sewers contain sewage moving either under gravity or under pressure from pumping. Some of this energy can be recovered using turbines as an example. Many large water trunk mains may offer the opportunity to recover hydropower.</li> <li>• Solar energy – the company will continue to explore further opportunities.</li> <li>• Tidal power – many operational sites are in the tidal reach of the Thames. Renewable energy could be produced from this source.</li> <li>• Wind power – the company will continue to explore further opportunities.</li> </ul> <p>The company commits to produce energy from a variety of renewable energy sources such as those listed above. The renewable energy that is produced will be converted and expressed as a standard unit of gigawatt hours (GWh).</p>
<b>Links to relevant external documents</b>	<a href="#">International Carbon Reporting Standard</a> <a href="#">UKWIR Carbon Accounting Workbook</a>

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Gigawatt hours	NA	493	501	510	512	517
<b>Enhanced underperformance collar</b>	Gigawatt hours		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Gigawatt hours		453	461	468	471	475
<b>Underperformance deadband</b>	Gigawatt hours		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Gigawatt hours		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Gigawatt hours		533	542	551	554	559
<b>Enhanced outperformance cap</b>	Gigawatt hours		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0806
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.0806
<b>Outperformance payment - enhanced</b>	NA

### 1.2.12 Reducing risk of lead

**Purpose:** This performance commitment is designed to incentivise the company to reduce the levels of lead being consumed in tap water by its customers.

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

### Performance commitment definition and parameters

Unique Reference	PR19TMS_BW10
<b>Detailed definition of performance measure</b>	This performance commitment is defined as the cumulative number of lead communication pipes replaced in the 2020-25 period.
<b>Additional detail on measurement units</b>	Replacements will result from: <ul style="list-style-type: none"> <li>customer requests for communication pipe replacements;</li> <li>failed samples;</li> <li>targeted replacements in ‘hot-spots’; and</li> <li>including those at primary schools and nurseries in London.</li> </ul>
<b>Specific exclusions</b>	Only lead pipes replaced within the above four categories are counted within the target. Lead pipes replaced by other synergistic work such as leakage are not counted under this programme. The performance commitment also excludes lead communication pipes replaced as part of other rehabilitation programmes.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	The cumulative number of lead communication pipes replaced annually, reported to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	World Health Organisation lead fact sheet: <a href="http://www.who.int/mediacentre/factsheets/fs379/en/">http://www.who.int/mediacentre/factsheets/fs379/en/</a> Water Supply (Water Quality) Regulations 2016

<b>Unique Reference</b>	<b>PR19TMS_BW10</b>
	<a href="http://www.legislation.gov.uk/ukxi/2016/614/regulation/30/made">http://www.legislation.gov.uk/ukxi/2016/614/regulation/30/made</a>

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	10,767	21,534	32,301	43,069	53,837
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		11,305	22,611	33,916	45,222	56,529
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.000168
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000099
<b>Outperformance payment - enhanced</b>	NA

### 1.2.13 Properties at risk of receiving low pressure

**Purpose:** This performance commitment is designed to incentivise the company to reduce the number of customers that experience their water supply having a low pressure.

**Benefits:** This performance commitment reduces the number of customers suffering from poor or no water supply due to low pressure.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_BW07
<b>Detailed definition of performance measure</b>	The number of properties receiving or at risk of receiving pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance.  The low pressure reference level is defined in the reporting guidance, published on the 27th March 2018: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf</a>
<b>Additional detail on measurement units</b>	The reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of properties to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	2% water resources 98% water network plus
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19TMS_BW07</b>
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.00103
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.14 Proactive customer engagement

**Purpose:** This performance commitment incentivises the company to proactively track the number of proactive customer engagement interactions it makes through a number of initiatives.

**Benefits:** This performance commitment improves the company's ability to address potential external factors like climate change and population growth through more engaged customers.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_AWS02
<b>Detailed definition of performance measure</b>	<p>This performance commitment will report the number of proactive customer contacts.</p> <p>The measure is calculated as the total number of the following in the reporting year:</p> <ul style="list-style-type: none"> <li>• households who receive a smarter home visit;</li> <li>• business premises receiving a smarter business visit;</li> <li>• households which actively participate in the Greenredeem scheme;</li> <li>• schools receiving a water audit;</li> <li>• customers receiving a customer visit as a result of abnormal water usage patterns; and</li> <li>• lead communication pipes replaced, including contact with the customer on the potential health impacts of lead customer owned pipes and plumbing.</li> </ul>
<b>Additional detail on measurement units</b>	<p>The company will also calculate a net promoter score (NPS) from feedback from customers following the proactive customer contact, separately for each subset of activity .The NPS score is based on customers' answers as to how likely they would be to recommend a company or product to friends or colleagues, on a scale of 1 to 10.</p> <p>The score is calculated as the proportion of consumers that answer 9 or 10 (promoters) less the proportion that answers between 0 and 6 (detractors). Responses of 7 and 8 are labelled passives, and their behaviour falls between Promoters and Detractors and are not included in the calculation.</p> <p>The calculation is: (% Promoters – % Detractors) x 100 = NPS score. This gives a score within a range of -100 to +100.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will report each of the sub-measures separately for transparency as well as the Net Promoter Score (NPS) and provide assurance each year from an

<b>Unique Reference</b>	<b>PR19TMS_AWS02</b>
	<p>appropriately qualified external third party on the calculation of the NPS for this measure.</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. This will include the relative success of different activity types and approaches. The company should also consider other ways to share learning with other companies and wider stakeholders.</p>
<b>Measurement unit and decimal places</b>	Number of contacts to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	80,000	160,000	240,000	320,000	400,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA

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

### Incentive rates

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

### 1.2.15 Power resilience

**Purpose:** This performance commitment is designed to incentivise the company to deliver investment to continue to work if there are power failures.

**Benefits:** Protecting assets against power failures reduces the risk of service failures such as water supply interruptions or incidents of sewer flooding and pollution.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_DWS01</b>
<b>Detailed definition of performance measure</b>	The cumulative number of key power dependent sites that are made resilient to power disturbances or interruptions over three hours from the distribution network operators from 1 April 2020 to 31 March 2025.
<b>Additional detail on measurement units</b>	The key power dependent sites in this performance commitment include: <ul style="list-style-type: none"> <li>water and sewage treatment works;</li> </ul>

Unique Reference	PR19TMS_DWS01
	<ul style="list-style-type: none"> <li>• water booster stations and sewerage pumping stations with greater than 500kW installed power; and</li> <li>• water booster stations without standby generation and with greater than 200 directly fed properties.</li> </ul> <p>The 47 sites are:</p> <ul style="list-style-type: none"> <li>• Fobney WTW</li> <li>• Kempton WTW</li> <li>• Chigwell WBS</li> <li>• Ealing Res and WBS</li> <li>• Haileybury Res and WBS</li> <li>• Netley Mill WTW</li> <li>• Putney Res and WBS</li> <li>• Woodcote WBS</li> <li>• Bishopstone WBS</li> <li>• Brookfield Lane (Cheshunt) WBS</li> <li>• Farningham Hill Res and WBS</li> <li>• Harts Hill WBS</li> <li>• Hayes WBS</li> <li>• Mill End Road (High Wycombe) WBS</li> <li>• Rollright WBS</li> <li>• Southgate WBS</li> <li>• Terrace Garden Booster</li> <li>• Upper Salughter WBS</li> <li>• Upshire (Waltham Abbey) WBS</li> <li>• Wormley WBS</li> <li>• Arden Estate Booster</li> <li>• Chipping Norton Res and WBS</li> <li>• Highbury Fields WBS</li> <li>• Raynes Park WBS</li> <li>• Shipton- Under-Wychwood WBS</li> <li>• West Wickham Res</li> <li>• Albury Boreholes</li> <li>• Farnborough Res and Booster</li> <li>• Lane End WTW</li> <li>• Wansunt WTW</li> <li>• Wilmington WTW</li> <li>• Earl SPS</li> <li>• Falconsbrook Storm SPS</li> <li>• Greenwich SPS &amp; Storm SPS</li> <li>• Hammersmith Storm SPS</li> <li>• Isle of Dogs SWPS</li> <li>• Shad Thames Storm SPS</li> <li>• Tidal Basin, Canning Town SWPS</li> <li>• Heathwall SPS</li> <li>• Lots Road SPS</li> <li>• Wandle Valley SPS</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_DWS01</b>
	<ul style="list-style-type: none"> <li>• Swindon Nine Elms SPS</li> <li>• Abbeywood Terminal SPS</li> <li>• Juniper Hill SPS</li> <li>• Rowden Road Beckenham SPS</li> <li>• West Hyde SPS</li> <li>• Western Deep SPS</li> </ul>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>At the next price review the company will publish assurance by an appropriately qualified external third party confirms that:</p> <ul style="list-style-type: none"> <li>• each site completed will continue to operate if there are power disturbances or interruptions over three hours from the distribution network; and</li> <li>• any sites forecast to be completed have clear deliverable plans to completed before 31 March 2025 and that the plans will deliver resilience to operate if there are power disturbances or interruptions over three hours from the distribution network.</li> </ul>
<b>Measurement unit and decimal places</b>	Number of sites to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payment only for 2024-25.
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	67% water network plus 33% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	9	18	27	36	47
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.321
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.16 Natural capital accounting

**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:** This performance commitment helps the company to better understand the value of natural capital within the environment that it operates, enabling more informed investment decisions.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS04
<b>Detailed definition of performance measure</b>	Percentage of the company's landholdings, as a percentage of total appointed business landholdings, where natural capital stocks are assessed and reported publicly at 31 March each year.  The company will measure and report the amount of natural capital it has at its sites. Natural capital may include stocks of species, ecological communities, soils, freshwaters, land and minerals.
<b>Additional detail on measurement units</b>	The measure is based on the area (not number or value) of landholdings.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	While not part of the numeric target component of this performance commitment, the company will also assess its natural capital impacts and dependencies on the wider environment and use natural capital information to consider and assess investment options where appropriate. The company anticipates this leading to environment-based solutions to solve the challenges it faces.
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	20.0	40.0	60.0	80.0	100.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.17 Improving system resilience of North East London water supply

**Purpose:** This performance commitment monitors and incentivises the timely delivery of two projects which will in combination improve the resilience of the water supply to the North East London region.

**Benefits:** This performance commitment protects customers from late delivery of the projects. It will help ensure that the company has increased water supply network resilience.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_BW12																
<p><b>Detailed definition of performance measure</b></p>	<p>The percentage completion of schemes to improve the resilience of the water supply to the North East London region.</p> <p>The schemes are:</p> <ul style="list-style-type: none"> <li>• delivery of a Mecana cloth pile pre-treatment scheme;</li> <li>• the detailed design of a high lift pumping station (HLPS); and</li> <li>• the installation of associated network reinforcements at Coppersmills water treatment works (WTW).</li> </ul> <p>The performance commitment will help monitor and assure the delivery of the enhancement projects so that customers are fully protected for expenditure associated with the company's enhancement claim. The projects are due to be completed by the end of the 2020-25 period.</p> <p>The time factor by which late delivery is assessed will be the reporting year. If an obligation is delivered after the reporting year in which it is due, this will be determined as late delivery.</p>																
<p><b>Additional detail on measurement units</b></p>	<p>The unit of measure is the percentage progress to completion, measured to one decimal place.</p> <p>The performance commitment levels are aligned to the company's planned delivery profile for these two projects. Milestones are defined and weighted in relation to the proportion of the baseline project value. The milestones that inform the performance commitment levels are as follows:</p> <p><b>Mecana pre-treatment scheme</b></p> <table border="1" data-bbox="576 1628 1390 1942"> <thead> <tr> <th data-bbox="576 1628 772 1720">Year of completion</th> <th data-bbox="772 1628 1011 1720">Milestone</th> <th data-bbox="1011 1628 1195 1720">Weight (%)</th> <th data-bbox="1195 1628 1390 1720">Cumulative progress (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 1720 772 1843">2020-21</td> <td data-bbox="772 1720 1011 1843">Pre-treatment – trial and design</td> <td data-bbox="1011 1720 1195 1843">3.8%</td> <td data-bbox="1195 1720 1390 1843">3.8%</td> </tr> <tr> <td data-bbox="576 1843 772 1899">2021-22</td> <td data-bbox="772 1843 1011 1899">Design</td> <td data-bbox="1011 1843 1195 1899">15.7%</td> <td data-bbox="1195 1843 1390 1899">19.5%</td> </tr> <tr> <td data-bbox="576 1899 772 1942">2023-24</td> <td data-bbox="772 1899 1011 1942">Construction</td> <td data-bbox="1011 1899 1195 1942">59.7%</td> <td data-bbox="1195 1899 1390 1942">79.2%</td> </tr> </tbody> </table>	Year of completion	Milestone	Weight (%)	Cumulative progress (%)	2020-21	Pre-treatment – trial and design	3.8%	3.8%	2021-22	Design	15.7%	19.5%	2023-24	Construction	59.7%	79.2%
Year of completion	Milestone	Weight (%)	Cumulative progress (%)														
2020-21	Pre-treatment – trial and design	3.8%	3.8%														
2021-22	Design	15.7%	19.5%														
2023-24	Construction	59.7%	79.2%														

<b>Unique Reference</b>	<b>PR19TMS_BW12</b>												
	<p><b>Coppermills high lift pumping station and associated pipework</b></p> <table border="1"> <thead> <tr> <th><b>Year of completion</b></th> <th><b>Milestone</b></th> <th><b>Weight (%)</b></th> <th><b>Cumulative progress (%)</b></th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>Design</td> <td>4.0</td> <td>4.0</td> </tr> <tr> <td>2021-22</td> <td>Local operational connectivity</td> <td>16.8</td> <td>20.8</td> </tr> </tbody> </table>	<b>Year of completion</b>	<b>Milestone</b>	<b>Weight (%)</b>	<b>Cumulative progress (%)</b>	2020-21	Design	4.0	4.0	2021-22	Local operational connectivity	16.8	20.8
<b>Year of completion</b>	<b>Milestone</b>	<b>Weight (%)</b>	<b>Cumulative progress (%)</b>										
2020-21	Design	4.0	4.0										
2021-22	Local operational connectivity	16.8	20.8										
<b>Specific exclusions</b>	NA												
<b>Reporting and assurance</b>	<p>The company will appoint an appropriately qualified third party to assure project delivery. The conditions for project delivery are:</p> <ul style="list-style-type: none"> <li>• it is demonstrated that the implemented solutions represent the best value for customers' money and have gone through a robust options appraisal process; and</li> <li>• the pre-treatment facilities have been commissioned and are in service; and</li> <li>• the detailed design of the high lift pumping station and network reinforcement has been signed off as complete and no further design work needs to be done towards ensuring that the gateway process can proceed.</li> </ul>												
<b>Measurement unit and decimal places</b>	Percentage completion of the schemes reported to one decimal place.												
<b>Measurement timing</b>	Reporting year												
<b>Incentive form</b>	Revenue												
<b>Incentive type</b>	Underperformance payments. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.284m per unit.												
<b>Timing of underperformance and outperformance payments</b>	In-period												
<b>Price control allocation</b>	100% water network plus												
<b>Frequency of reporting</b>	Annual												
<b>Any other relevant information</b>	This performance commitment only relates to the design of the Coppermills high lift pumping station. Uncertainty still exists over the final scope for delivery of the station. For clarity and transparency of reporting, this performance												

<b>Unique Reference</b>	<b>PR19TMS_BW12</b>
	commitment is independent of that gateway process and its outcome. Construction of the Coppermills high lift pumping station, if it goes ahead, will be measured by a separate performance commitment in the next period.
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	7.8	40.3	40.3	100.0	100.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.0441
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.18 Households on the Thames Water social tariff

**Purpose:** This performance commitment incentivises the company to provide the social tariff to more customers.

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

### Performance commitment definition and parameters

Unique Reference	PR19TMS_ER03
Detailed definition of performance measure	The number of households on the company's new enhanced tiered social tariff at the end of the financial year, billed directly and indirectly. This includes all discount bands within the new social tariff (including the bandings for 25%, 50% or 75% reductions) and customers who have not yet been transferred to the new scheme but receive reduced tariffs from pre-existing legacy schemes such as Watersure+.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of households 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
<b>Performance commitment level</b>	Number	NA	108,000	137,000	165,000	184,000	200,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.19 Readiness to receive tunnel flow at Beckton STW

**Purpose:** This performance commitment incentivises the company to ensure that it is ready to receive flows from the Thames Tideway Tunnel (TTT) at Beckton sewage treatment works (STW) by 17 October 2022. This ensures that asset resilience will be delivered ahead of the system commissioning commencement date.

**Benefits:** This performance commitment helps to improve the resilience of the London sewerage system by incentivising the company to deliver key upgrades to the Beckton inlet works in time for the system commissioning commencement date.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_ET01
<p><b>Detailed definition of performance measure</b></p>	<p>The performance commitment is defined as the delivery of the capital works associated with the upgrade to the Beckton sewage treatment works (STW) inlet works under solution reference S29184 in the PR19 capital programme. Every full month of delay beyond 17 October 2022 will result in underperformance payments.</p> <p>The scheme has been designed in outline during the 2015-20 period and is due for detailed design after the company's PR19 business plan has been finalised. The exact scope to be delivered, therefore, is still evolving as detailed design has not yet been completed so the achievement of the performance commitment is based upon the completion of the scheme, as will be confirmed and agreed through detailed design and construction. The indicative outline design scope is shown below.</p> <p>The scope of this capital project includes a number of elements at Beckton STW. The current indicative scope (from outline design) includes:</p> <ul style="list-style-type: none"> <li>• 2 No new grit lanes and associated grit removal equipment, along with 2 No new 50 mm 1D trash screens installed upstream;</li> <li>• 8 No new 15 - 20 mm 1D bar screens installed downstream of the trash screens and upstream of the grit channels (6 existing and 2 new channels);</li> <li>• new duty/standby trash and screenings transfer belt or screw conveyors, screenings compactors and skip compactors for the 50 mm 1D trash screens;</li> <li>• new duty/standby screenings transfer screw conveyors, screenings compactors and skip compactors for the 15 – 20 mm bar screens;</li> <li>• new grit removal, handling and washing plant along with associated equipment;</li> <li>• new standby generation;</li> <li>• clear accumulated grit and debris from intermediate NOS barrels; and</li> <li>• modify existing control philosophy to allow all available plant to operate to minimise the hydraulic impact on the NOS, minimise deposition of solids and potentially reduce peak solids loading during first flush scenarios.</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_ET01</b>
<b>Additional detail on measurement units</b>	<p>Number of full calendar months after 17 October 2022 with the first month running from 18 October to 17 November and so on for each subsequent month that delivery of scheme S29184 is incomplete.</p> <p>For the purposes of this performance commitment, "delivery" shall be defined as the date of the Benefits Fulfilled (BenF) form, which forms part of the project completion document suite within the company's standard workflow process. This approach will ensure that the scheme is deemed complete (i.e. benefits start to be generated) even if formal takeover is delayed by minor operational issues or the closure of any residual construction snags. The 'BenF' form is dated and signed by the relevant approvers and hence forms an auditable basis of measurement of scheme delivery.</p> <p>The outcome that will be part of BenF sign off will be the provision of sufficient assets such that, during out of service scenarios, the inlet works operates in accordance with the company's asset standards and good operating practice.</p>
<b>Specific exclusions</b>	<p>The Tideway programme is on track to deliver to regulatory dates, with tunnel construction completed and commissioning started by 17 October 2022. In the event of tunnel construction being delayed it would not be in customers' interests to deliver the inlet modifications ahead of these being required. In these circumstances the company would not qualify for underperformance payments against the 17 October 2022 date. Instead, underperformance payments would apply from the planned system commissioning commencement date as set out in the Project Master Programme (as defined in the Interface Agreement).</p>
<b>Reporting and assurance</b>	<p>This measure will be reported in the Annual Performance Report (APR).</p> <p>The company will also report on a regular basis actual and forecast performance on this performance commitment to the Liaison Committee.</p>
<b>Measurement unit and decimal places</b>	<p>Number of full months after 17 October 2022, with the first month running from 18 October to 17 November and so on for each subsequent month that delivery of scheme S29184 is incomplete. Zero decimal places.</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and</b>	In-period

<b>Unique Reference</b>	<b>PR19TMS_ET01</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	100% Thames Tideway Tunnel
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	Interface Agreement: <a href="https://www.tideway.london/media/1840/interface-agreement.pdf">https://www.tideway.london/media/1840/interface-agreement.pdf</a> Liaison Agreement: <a href="https://www.tideway.london/media/1841/liaison-agreement.pdf">https://www.tideway.london/media/1841/liaison-agreement.pdf</a>

### Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0966
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.20 Effective stakeholder engagement

**Purpose:** This performance commitment incentivises the company to ensure that it is effectively engaging with senior stakeholders on the Thames Tideway Tunnel project.

**Benefits:** This performance commitment improves how the company accounts for the views and interests of senior stakeholders as the Thames Tideway Tunnel project proceeds.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_ET02
Detailed definition of performance measure	<p>This average score of responses to the survey question “Overall as a senior member of your organisation and key stakeholder in the TTT project, how well would you say Thames Water has ‘engaged’ with your organisation so far, using the following scale”:</p> <ul style="list-style-type: none"> <li>• 6 – extremely well;</li> <li>• 5 – very well;</li> <li>• 4 – quite well;</li> <li>• 3 – quite poorly;</li> <li>• 2 – very poorly; or</li> <li>• 1 – extremely poorly.</li> </ul> <p>The performance commitment is to ensure that the company performs well on stakeholder engagement on the Thames Tideway Tunnel (TTT) project. The main objective of this engagement is to gain regular and impartial understanding and monitoring of key stakeholders’ views on the company’s performance and interaction on the TTT project.</p> <p>The surveys will be carried out by an appropriately qualified external third party stakeholder research company. The stakeholders are:</p> <ul style="list-style-type: none"> <li>• Bazalgette Tunnel Limited (the infrastructure provider);</li> </ul>

Unique Reference	PR19TMS_ET02
	<ul style="list-style-type: none"> <li>• the Environment Agency;</li> <li>• the Department for Environment, Food and Rural Affairs;</li> <li>• the Independent Technical Assessor (ITA); and</li> <li>• the Consumer Council for Water (CCWater).</li> </ul> <p>Ofwat does not participate as it is a recipient of the research.</p> <p>The surveys are carried out annually, using a standard methodology. The performance commitment level assumes a continuation of the same methodology and scoring framework as used for the previous surveys in 2016 and 2017.</p> <p>If the Liaison Committee agree that the survey methodology should be updated or amended during the 2020-2025 period, then the equivalent score from the new methodology will apply. Any calculations will be subject to agreement by the Liaison Committee based on robust justification and clear evidence.</p>
<b>Additional detail on measurement units</b>	The score attained is a simple average of scores from interviewees.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	When reported, the company will include previous survey results.
<b>Measurement unit and decimal places</b>	Number to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The equivalent performance commitment for the 2015-20 period was 'Engage effectively with IP and other stakeholders'.
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

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

## Incentive rates

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

### 1.2.21 Critical asset readiness for the London Tideway Tunnels (LTT)

**Purpose:** This performance commitment incentivises the company to complete necessary enabling works in advance of the 17 October 2022 (the current system commissioning commencement date) so that critical assets are sufficiently ready for commencement of system operation for the London Tideway Tunnels.

**Benefits:** This performance commitment protects end customers from bearing the cost of significant delays to the Thames Tideway Tunnel project.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_ET04
<p><b>Detailed definition of performance measure</b></p>	<p>Number of full months, in the reporting year, that readiness is reported as 'insufficient readiness', after the regulatory commencement date (17 October 2022).</p> <p>This performance commitment incentivises the company to ensure enabling works are completed and critical assets are sufficiently ready in advance of the system commissioning commencement date. Every full month of delay beyond the 17 October 2022 will result in underperformance payments. 'Sufficient readiness' shall mean that the company will:</p> <ol style="list-style-type: none"> <li>1. Complete and deliver against an Integrated Operating Plan, setting out how it will operate the London Tideway Tunnel assets in a timely, coordinated and integrated manner, and in compliance with relevant environmental permits, consents and the London Tideway Tunnels Operating Techniques.</li> <li>2. Demonstrate to stakeholders that critical assets are ready to operate in compliance with the London Tideway Tunnels Operating Techniques and support timely system commissioning. This will be achieved through advanced preparation of critical assets reporting aligned with the Tideway Project Master Programme, their System Commissioning Plan and readiness for the system commissioning commencement. This includes: <ul style="list-style-type: none"> <li>• Operational resilience of Beckton sewage treatment works (STW) to treat sustained peak flow for extended periods;</li> <li>• Reliable operation of Beckton STW Tideway sewage pumping station (SPS);</li> <li>• Reliable and accessible flow data from Abbey Mills SPS to Beckton STW;</li> <li>• Reliable and accessible level and flow data from Greenwich SPS to Crossness STW;</li> <li>• Reliable flow control at Abbey Mills SPS;</li> <li>• Reliable flow control at Greenwich SPS;</li> <li>• Certified Commissioning Ready Tideway Tunnel to Beckton STW Flow Transfer System;</li> <li>• Certified Commissioning Ready Tideway Storm Bypass Tunnel;</li> <li>• Certified Commissioning Ready Tideway combined sewer overflow (CSO) Overflow Shaft;</li> </ul> </li> </ol>

<b>Unique Reference</b>	<b>PR19TMS_ET04</b>
	<ul style="list-style-type: none"> <li>• Sustained Asset Health for a safe and dependable wastewater service; and</li> <li>• Reliable operation of key SPSs with an interface to TTT that are considered critical to the adequate functioning of the London sewerage system.</li> </ul> <p>For the avoidance of doubt, this performance commitment also relates to critical assets in the company's wider wastewater network (in the wastewater network plus control).</p>
<b>Additional detail on measurement units</b>	<p>Number of full months after 17 October 2022 with the first month running from 18 October to 17 November and so on for each subsequent month that any critical assets are classed as 'insufficient readiness'. The company will report 0 for the 2022-23 report year if any critical assets are classed as 'insufficient readiness' on 17 November, but all have sufficient readiness on 18 November. However, if there is insufficient readiness on 18 November the company will report 1 month (or more).</p> <p>For each full month after 17 October 2022, critical assets can be classed as either 'sufficient readiness' or 'insufficient readiness'.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	Readiness will be reported in line with the Tideway Tunnel Interface Agreement. This will be supported by external audit.
<b>Measurement unit and decimal places</b>	Number of full months to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% wastewater network plus 50% Thames Tideway Tunnel
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	Interface Agreement: <a href="https://www.tideway.london/media/1840/interface-agreement.pdf">https://www.tideway.london/media/1840/interface-agreement.pdf</a>

<b>Unique Reference</b>	<b>PR19TMS_ET04</b>
	Liaison Agreement: <a href="https://www.tideway.london/media/1841/liaison-agreement.pdf">https://www.tideway.london/media/1841/liaison-agreement.pdf</a>

### Performance commitment levels

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

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-1.430
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.22 Establish an effective system operator for the London Tideway Tunnels

**Purpose:** This performance commitment incentivises the company to establish the System Operator (SO) capability required to operate the London Tideway Tunnels to limit combined sewer overflow (CSO) discharges to the tidal Thames.

**Benefits:** This performance commitment improves the ability of the company to limit CSO discharges to the tidal Thames. It ensures that the appropriate investment is made towards the organisational design, asset management, monitoring, systems and capability development to deliver the London Tideway Tunnels Operating Techniques (LTTOT). The LTTOT is the set of operational rules that will govern the operation of the London Tideway Tunnels.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_ET05
<b>Detailed definition of performance measure</b>	<p>Percentage completion of the development of the organisation design and of the systems and capability required to deliver the London Tideway Tunnels Operating Techniques (LTTOT).</p> <p>This performance commitment includes the development of the management system and associated operational team for the LTTOT by 31 March 2021, six months ahead of the deadline of 17 October 2022 for Thames Tideway Tunnel project system commissioning known as the system commissioning commencement date (SCCD).</p> <p>The following key enablers will need to have been delivered or substantially progressed in order to secure the achievement of this performance commitment:</p> <p>System set-up and procedures:</p> <ul style="list-style-type: none"> <li>• The O&amp;M Delivery Framework that the company need to develop as part of the Interface and O&amp;M Agreements,</li> <li>• Development of a written system commissioning plan for the London Tideway Tunnels system,</li> <li>• Development of the management system for O&amp;M of the London Tideway Tunnels system.</li> <li>• Plan for engagement with the EA on the Operating Techniques and securing any further required Environmental Permits for CSOs</li> <li>• Asset management plans including criticality analysis.</li> </ul> <p>Organisational readiness:</p> <ul style="list-style-type: none"> <li>• Establishment of the system operator team for the London Tideway Tunnels.</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_ET05</b>
	<p>Organisational design confirmed and recruitment progressed to support training prior to System Commissioning Commencement.</p> <p>The benchmark for this organisational capability and capacity shall be defined by a management system that can be externally assessed as progressing towards certification under a suitable international standard for an appropriate management system (such as ISO14001 or similar).</p>
<b>Additional detail on measurement units</b>	<p>The unit of measurement for the achievement of this performance commitment is the percentage completion of the overall capability and capacity of the organisation.</p> <p>This is derived from an assessment of the system operator management system against a suitable international standard (eg ISO14001) and confirmation through external audit that the system is developing towards a certifiable standard and that the agreed training plan has been implemented.</p> <p>The target for this performance commitment shall be twofold:</p> <ul style="list-style-type: none"> <li>• the development of a management system (including the written System Commissioning Plan for the London Tideway Tunnels) that can be externally assured (via audit) and shown to be progressing towards certification under a suitable international standard for an appropriate management system (such as ISO14001 or similar) by 31 March 2021; and</li> <li>• clear evidence of the implementation of the agreed training plan by 31 March 2021.</li> </ul> <p>This is to be assessed through independent audit of the system operator, against the chosen management system's procedures, processes, capability and team capacity.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	Performance regarding completion to be reported by or in April 2022. However, if the management system fails to achieve the required level of maturity in 2021-22, then subsequent re-audits should occur at monthly intervals until the required level is achieved.
<b>Measurement unit and decimal places</b>	Percentage completion to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA

<b>Unique Reference</b>	<b>PR19TMS_ET05</b>
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The details of this operating technique and the exact activities, processes and systems that need to be in place to enable it are under development. The Tideway Integration Group (TIG) is established and the system operator has been established since April 2018. However, these groups are still working up the details of the activity, governance and systems that they will need to operationalise.
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

## Incentive rates

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

### 1.2.23 Maximising the value of land sales

**Purpose:** This performance commitment incentivises the company to be ready to receive and dispose of land related to the Thames Tideway Tunnel project in a timely manner and at a value that is in the interests of customers.

**Benefits:** This performance commitment seeks to maximise the financial benefit for customers from land disposals relating to the Thames Tideway Tunnel project.

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_ET06
Detailed definition of performance measure	<p>This performance commitment measures the net profit or loss made on the actual sale of any of the 12 sites related to the Thames Tideway project that are scheduled to be sold in the 2020-25 period.</p> <p>This is the difference between the purchase value and sale value of each site. For simplicity, this does not account for inflation or the time value of money.</p> <p>For the avoidance of doubt, the surplus land acquired to date and scheduled for disposal in the 2020-25 period is as follows:</p> <ul style="list-style-type: none"> <li>• Camelford House, Albert Embankment</li> <li>• Chambers Wharf, Bermondsey</li> <li>• Whiffin Wharf, Carnwath Riverside</li> <li>• Carnwath Industrial Estate, Carnwath Riverside</li> <li>• Cringle Wharf, Kirtling Street</li> <li>• 80 Kirtling Street, Battersea</li> <li>• 2a Battersea Park Road, Battersea</li> <li>• 88 Kirtling Street (ex V&amp;A Stores)</li> <li>• 8 Brooks Court, Battersea</li> <li>• 1 Brooks Court, Battersea</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_ET06</b>
	<ul style="list-style-type: none"> <li>• Oyster Pier, Mooring berths 1, 2 &amp; 3</li> <li>• Oyster Pier, Mooring berths 5 &amp; 6</li> </ul>
<b>Additional detail on measurement units</b>	£m net profit or loss of the 12 sites scheduled to be sold in the 2020-25 period. Not adjusted for inflation.
<b>Specific exclusions</b>	Any sites not included in the 12 sites scheduled to be sold in the 2020-25 period.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	£m to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	RCV
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	100% Thames Tideway Tunnel control
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Because the performance commitment is seeking to maximise the benefit to customers we consider that it is consistent with the principle in Condition T. We are therefore not proposing a licence amendment, but we ask that Thames Water provide its views on this matter in its representations.
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	£m	NA	0.0	0.0	0.0	0.0	0.0
<b>Enhanced underperformance collar</b>	£m		NA	NA	NA	NA	NA

<b>Standard underperformance collar</b>	£m		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	£m		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	£m		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	£m		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	£m		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.200
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.200
<b>Outperformance payment - enhanced</b>	NA

### 1.2.24 Environmental measures delivered

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_ES02</b>
<b>Detailed definition of performance measure</b>	Cumulative number of 'green' WINEP schemes completed since 1 April 2020. This metric will measure compliance with the requirements of the WINEP and is limited to the schemes with 'green'

Unique Reference	PR19TMS_ES02
	<p>status as at 1 April 2019. The company's investment can be broadly divided into eight main categories:</p> <ul style="list-style-type: none"> <li>• Wastewater treatment works upgrades – Investment to enhance wastewater treatment to improve or protect the quality of the receiving waterbody;</li> <li>• Monitoring and investigation schemes – Investment to understand better how the company's operational activities may impact on the environment and how these could be improved to reduce this impact.</li> <li>• Conservation schemes – Investment to meet specific conservation measures to reduce the company's impact on protected sites or biodiversity.</li> <li>• Investigations into emerging risks – Investment to understand emerging risks facing the water industry such as microplastics and antimicrobial resistance or to understand if abstractions are having a negative impact on ecology;</li> <li>• Catchment management activities – Investment to manage pesticides, nitrates and herbicides in surface and groundwaters through catchment activities;</li> <li>• Alleviating low flows – Investment to investigate or undertake work to alleviate the impacts that the company's abstractions have on low flows;</li> <li>• Reducing environmental impact of river structures – Investment to improve fish passage in waterbodies through work on the company's assets where they have been proven to be a blocker; and</li> <li>• Addressing invasive non-native species (INNS) – Investment to investigate and implement measures reduce the risk of INNS associated with the company's activities.</li> </ul> <p>The full list of included schemes and relevant WINEP driver codes is provided in [link to definition document to be included in Final Determination].</p>
<b>Additional detail on measurement units</b>	The number of relevant WINEP schemes that the environment agency agrees are complete each year.
<b>Specific exclusions</b>	<p>This performance commitment excludes schemes that were uncertain on 1 April 2019 "amber schemes".</p> <p>The WINEP also lists the Thames Tideway Tunnel as an environmental measure, for delivery in the 2020-25 period. However achieving that output is not part of this performance commitment as it forms part of the Thames Tideway Tunnel price control.</p>

<b>Unique Reference</b>	<b>PR19TMS_ES02</b>
<b>Reporting and assurance</b>	The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.
<b>Measurement unit and decimal places</b>	Number of WINEP schemes completed each year to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments only for 2024-25
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	85.3% wastewater network plus 2.4% water network plus 12.3% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	233	428	515	571	724
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA

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

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0341
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.25 Enhancing biodiversity

**Purpose:** This performance commitment incentivises the company to improve biodiversity at its sites.

**Benefits:** This performance commitment increases the variety of plant and animal life at the company's sites.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_EWS01</b>
<b>Detailed definition of performance measure</b>	The cumulative net gain in biodiversity units at the company's 253 sites of biodiversity interest (SBIs) plus any net change from additional land where specific biodiversity offsetting measures have been implemented from 1 April 2020. The calculation of biodiversity units is set out in the Defra Biodiversity Metric v1.0
<b>Additional detail on measurement units</b>	Biodiversity is measured in biodiversity units as defined in the Defra Offsetting Metric v1.0 and the net gain is determined by measuring the change in biodiversity units.
<b>Specific exclusions</b>	None

<b>Unique Reference</b>	<b>PR19TMS_EWS01</b>
<b>Reporting and assurance</b>	At the next price review the company will publish assurance by an appropriately qualified external third party that <ul style="list-style-type: none"> <li>any additional sites have been appropriately selected in accordance with the Defra Offsetting Metric v1.0; and</li> <li>the calculation of biodiversity units at each of the 253 sites, plus any additional sites, is in accordance with the Defra Offsetting Metric v1.0.</li> </ul>
<b>Measurement unit and decimal places</b>	Biodiversity units to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments only for 2024-25
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	8% water resources 30% water network plus 58% wastewater network plus 4% bioresources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	491	982	1,473	1,964	2,455
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	4,167
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.000027
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000024
<b>Outperformance payment - enhanced</b>	NA

### 1.2.26 Empty household properties ('void properties')

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

**Benefits:** This performance reduces the number of void properties, which are occupied but not billed, leading to fairer charges between customers and lower bills for customers already being billed.

**Performance commitment definition and parameters**

<b>Unique Reference</b>	<b>PR19TMS_ER02</b>
<b>Detailed definition of performance measure</b>	<p>The number of household properties classified as void as a percentage of the total number of household properties served by the company.</p> <p>Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.</p>
<b>Additional detail on measurement units</b>	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.
<b>Specific exclusions</b>	Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage of household properties classed as void, to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	3.66	3.50	3.33	3.17	3.00
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-19.152
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	9.995
<b>Outperformance payment - enhanced</b>	NA

### 1.2.27 Empty business properties

**Purpose:** This performance commitment is designed to incentivise the company to reduce the number of non-household void properties by passing on information to the responsible business retailer.

**Benefits:** This performance commitment reduces the number of non-household void properties, which are occupied but not billed, resulting in fairer charges between customers and lower bills for customers already paying.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS08
<b>Detailed definition of performance measure</b>	This is the number of non-household properties recorded as void which the company identifies as occupied and which are subsequently billed. The information on location and evidence of occupancy is then passed on to the retailer in order that they challenge occupancy status and bring the property into billing.
<b>Additional detail on measurement units</b>	Total number of non-household voids identified and reported to the retailer as occupied and subsequently billed  A property will only be recorded if it was void for at least 6 months and subsequently billed for at least 6 months.  Properties should only be counted if it is billed as a result of the notification. If there is reason to believe the property is likely to have been billed without the company notifying the retailer it should not be recorded.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will provide external third party assurance that: <ul style="list-style-type: none"> <li>• all properties were void for at least six months before notification; and</li> <li>• are billed for at least six month after notification.</li> </ul>
<b>Measurement unit and decimal places</b>	Number of properties to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water network plus 50% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA

<b>Unique Reference</b>	<b>PR19TMS_EWS08</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Properties	NA	0	0	0	0	0
<b>Enhanced underperformance collar</b>	Properties		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Properties		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Properties		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Properties		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Properties		4,814	4,814	4,814	4,814	4,814
<b>Enhanced outperformance cap</b>	Properties		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	NA
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000114
<b>Outperformance payment - enhanced</b>	NA

## 1.2.28 Clearance of blockages

**Purpose:** The purpose of this performance commitment is to incentivise the company to reduce the number of sewer blockages, which is a significant contributing factor to sewer flooding.

**Benefits:** A reduced negative impact on customers from blocked sewers, especially sewer flooding events.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_CS04
Detailed definition of performance measure	<p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) in a reporting year.</p> <p>A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour.</p> <p>The definition aligns with that published on the Ofwat Outcomes definitions – PR19 website:  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Sewer-blockages.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Sewer-blockages.pdf</a></p> <p>The company will not include proactively cleaned silt or other blockages that are removed which are not reported to it by customers or stakeholders and have no customer impact.</p> <p>The company will include blockages that are as a result of third party interference.</p>
Additional detail on measurement units	None
Specific exclusions	See detailed definition for a full list of exclusions.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of sewer blockages to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period

<b>Unique Reference</b>	<b>PR19TMS_CS04</b>
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	72,500	70,000	67,500	65,000	62,500
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		145,000	145,000	145,000	145,000	145,000
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		68,788	63,788	63,788	63,788	58,788
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00350
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000703
Outperformance payment - enhanced	NA

### 1.2.29 BSI for fair, flexible inclusive services

**Purpose:** This performance commitment incentivises the company meet a quality of support for customers in vulnerable circumstances in line with the British Standards Institution (BSI) inclusive service provision.

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

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_AR07
Detailed definition of performance measure	<p>This measure assesses the quality of the Priority Services scheme via the British Standard for Inclusive Service Provision certification BS 18477.</p> <p>To meet its targets for this performance commitment the company must maintain the BS 18477 standard throughout the period 2020-25.</p> <p>If this certification from BSI is not in place on 31 March of the reporting year, the performance commitment is reported as not maintained.</p> <p>The performance commitment applies each reporting year, and demonstration that the certification is in place must be tested and reported each reporting year. The BS 18477 certification is awarded by BSI Group (also known as the British Standards Institution).</p> <p>In the event that BSI Group cease providing certification for BS 18477 during the period 2020-25, the company should adopt any standard designed to directly succeed the existing standard. If one is not available, it will assess whether there exists other appropriate standards that can be used as an alternative independently assessed indicator of the quality of support for customers in vulnerable circumstances.</p>

<b>Unique Reference</b>	<b>PR19TMS_AR07</b>
<b>Additional detail on measurement units</b>	This measure is reported as Maintained or Not maintained.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Text (maintained or not maintained)
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	<a href="https://www.bsigroup.com/en-GB/our-services/Inclusive-Service/">https://www.bsigroup.com/en-GB/our-services/Inclusive-Service/</a> <a href="https://www.bsigroup.com/LocalFiles/en-GB/consumerguides/resources/BSI-Consumer-Brochure-Inclusive-Services-UK-EN.pdf">https://www.bsigroup.com/LocalFiles/en-GB/consumerguides/resources/BSI-Consumer-Brochure-Inclusive-Services-UK-EN.pdf</a>

### Performance commitment levels

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

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

### Incentive rates

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

### 1.2.30 Acceptability of water to consumers

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

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

## Performance commitment definition and parameters

Unique Reference	PR19TMS_BW08
<b>Detailed definition of performance measure</b>	The number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, or consumer reporting illness due to drinking water, reported per 1,000 population. Calculation is the number of contacts for appearance plus all taste/odour contacts and illness multiplied by 1,000 divided by the resident population as supplied to the Drinking Water Inspectorate (DWI).
<b>Additional detail on measurement units</b>	The consumer contact classification guidance is published by the DWI as <i>Information Letter 1/2006</i> , 6 January 2006: <a href="http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf">http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf</a> Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance, taste and odour, and illness will be included in this measure.
<b>Specific exclusions</b>	See DWI guidance for a full list of exclusions.
<b>Reporting and assurance</b>	The company is also expected to report consumer contacts separately for appearance, and taste and odour for the Discover Water website.
<b>Measurement unit and decimal places</b>	Number of consumer contacts per 1,000 population, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	1% water resources 99% water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	The Discover Water website link for appearance is at <a href="https://discoverwater.co.uk/colour">https://discoverwater.co.uk/colour</a> and taste and odour at <a href="https://discoverwater.co.uk/taste">https://discoverwater.co.uk/taste</a>

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	0.60	0.60	0.60	0.60	0.60
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-8.353
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.31 Abstraction incentive mechanism (AIM)

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

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

### Performance commitment definition and parameters

Unique Reference	PR19TMS_EW01
<p><b>Detailed definition of performance measure</b></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 based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included five sites for AIM for the period 2020-25:</p> <ul style="list-style-type: none"> <li>• River Lee at New Gauge Pumping Station: The trigger threshold for this site is 60.0 m<sup>3</sup>/s and it has a baseline of 89.6 MI/day</li> <li>• Pangbourne: The trigger threshold for this site is 1.0 Cubic meters per second (m<sup>3</sup>/s) and it has a baseline of 31.6 Megalitres per day (MI/d)</li> <li>• Axford Pumping Station: The trigger threshold for this site is 166.0 m<sup>3</sup>/s and it has a baseline of 7.9 MI/d</li> <li>• Pann Mill Pumping Station: The trigger threshold for this site is 5.6 m<sup>3</sup>/s and it has a baseline of 11.4 MI/d</li> <li>• North Orpington Pumping Station: The trigger threshold for this site is 11.4 m<sup>3</sup>/s and it has a baseline of 7.2 MI/d</li> </ul> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published on the 29th April 2016:  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</a></p>
<p><b>Additional detail on measurement units</b></p>	<p>AIM performance is measured in megalitres (MI) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold.</p> <p>AIM performance in MI = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.</p>

<b>Unique Reference</b>	<b>PR19TMS_EW01</b>
	For example, in the circumstance that the AIM baseline is 5 MI/day and the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of $(4 \text{ MI/day} - 5 \text{ MI/day}) \times 100 \text{ days} = -100 \text{ MI}$ . A negative number signifies an improved performance as average abstraction is less than the baseline.
<b>Specific exclusions</b>	As defined in the reporting guidance
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Megalitres to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

## Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.000007
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000006
<b>Outperformance payment - enhanced</b>	NA

### 1.2.32 Percentage of satisfied vulnerable customers

**Purpose:** To ensure that the company's customers that are registered for the Priority Services Register (PSR) are satisfied with the services they receive through the PSR.

**Benefits:** Customers in vulnerable circumstances will received appropriate quality support from the company.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_AR05
Detailed definition of performance measure	<p>This performance commitment will measure how satisfied vulnerable customers on the company’s PSR are with the services they receive.</p> <p>The performance will be measured annually using a survey, which will include a single question that asks customers to rate their satisfaction with the services they receive through the PSR. Customers will be given a choice of five answers,</p> <ul style="list-style-type: none"> <li>• very satisfied,</li> <li>• satisfied</li> <li>• neither satisfied nor dissatisfied</li> <li>• unsatisfied</li> <li>• very unsatisfied</li> </ul> <p>and those who respond that they are “very satisfied” or “satisfied” will be counted toward the total.</p> <p>The survey will use a sample of representative percentages of customers aligned to the vulnerability needs codes as of the end of the previous financial year.</p> <p>The survey should be planned and carried out following social research best practice, for example any sections of a relevant code such as that published by the Market Research Society. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	NA
Specific exclusions	NA
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

<b>Unique Reference</b>	<b>PR19TMS_AR05</b>
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	91	91	91	91	91
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.33 Installing new smart meters in London

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19TMS_M01
<b>Detailed definition of performance measure</b>	<p>Cumulative number of new smart meters installed in the London water resources zone (WRZ) from 1 April 2020. Existing meters and smart meters are defined as [Stand alone document for final determinations will be produced based on documents:</p> <ul style="list-style-type: none"> <li>• TW-CE-A9-Water Resources Management Plan (Table 4-1, P25);</li> <li>• TW-OC-A2-5-Update to the revised draft Water Resources Management Plan 2019, Section 11: Preferred plan – April 2019); and</li> <li>• Company response to query TMS-DD-CE-006.]</li> </ul>
<b>Additional detail on measurement units</b>	<p>The performance commitment measures the total number of smart meters installed annually for the following categories of meters defined by the company:</p> <ul style="list-style-type: none"> <li>• meter installed at a property that previously paid unmetered charges. This includes residential customers that have opted for a meter or where the company has selectively installed a meter); and</li> <li>• small bulk meters, that provide additional benefit to meters already installed – ie not replacements of bulk meters.</li> </ul>

<b>Unique Reference</b>	<b>PR19TMS_M01</b>
	The total performance commitment levels relate to the installation of smart meters on existing connections only.
<b>Specific exclusions</b>	<p>This performance commitment only applies to residential customers' meters and excludes business customers' meters.</p> <p>A smart meter can only be counted once in the five year period for a property. For example, if a smart meter fails within the five years and is replaced, it cannot be recounted towards this performance commitment.</p> <p>This performance commitment excludes the installation of new smart meters for new connections.</p> <p>This performance commitment excludes the replacement of existing basic meters with smart meters, which is covered in the company's performance commitment PR19TMS_M02.</p>
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of smart meters to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payment that only applies for 2024-25
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	90,000	180,000	270,000	360,000	455,168
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.000027
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.34 Replacing existing meters with smart meters in London

**Purpose:** This performance commitment incentivises the company to increase the number of basic water meters replaced by smart water meters at customer properties.

**Benefits:** Smart meters reduce the cost of meter readings and allow for more regular readings to be taken. This improves the quality of data for the customer to

better control their use, and the company to optimise its actions in response to effectively manage demand.

### Performance commitment definition and parameters

Unique Reference	PR19TMS_M02
Detailed definition of performance measure	<p>Cumulative number of existing installed meters replaced with smart meters per reporting year in the London water resources zone (WRZ) from 1 April 2020. Existing meters and smart meters are defined as [Stand alone document for final determinations will be produced based on documents:</p> <ul style="list-style-type: none"> <li>• TW-CE-A9-Water Resources Management Plan (Table 4-1, P25);</li> <li>• TW-OC-A2-5-Update to the revised draft Water Resources Management Plan 2019, Section 11: Preferred plan – April 2019); and</li> <li>• Company response to query TMS-DD-CE-006.]</li> </ul>
Additional detail on measurement units	Number of installed existing basic meters replaced annually for smart meters.
Specific exclusions	<p>This performance commitment only applies to residential customers' meters and excludes business customers' meters.</p> <p>A smart meter can only be counted once in the five year period for a property. For example, if a smart meter fails within the five years and is replaced, it cannot be recounted towards this performance commitment.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of smart meters to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment only for 2024-25
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

<b>Unique Reference</b>	<b>PR19TMS_M02</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	26,000	52,000	78,000	104,000	130,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.000035
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.35 Delivery of water industry national environment programme requirements

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19TMS_NEP01</b>
<b>Detailed definition of performance measure</b>	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
<b>Additional detail on measurement units</b>	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.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
<b>Measurement unit and decimal places</b>	Text stating either “met” or “not met”.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and</b>	NA

<b>Unique Reference</b>	<b>PR19TMS_NEP01</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

**Incentive rates**

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

## Annex 1: Key performance commitments for Thames Water

Details of the key performance commitments that we present in Table 1.2 of 'Thames 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"> <li>25% reduction in annual level of leakage by 2025 from the 2020 level<sup>5</sup></li> </ul>	$\frac{(535.5 - 714) \text{ Ml/d}}{714 \text{ Ml/d}} \times 100 = -25\%$
<ul style="list-style-type: none"> <li>6.3% reduction in per capita consumption by 2024-25</li> </ul>	$\frac{(133 - 142) \text{ Ml/d}}{142 \text{ Ml/d}} \times 100 = -6.3\%$
<ul style="list-style-type: none"> <li>30% reduction in pollution incidents by 2024-25</li> </ul>	$\frac{(19.5 - 28) \text{ nr/10000km}}{28 \text{ nr/10000km}} \times 100 = -30\%$
<ul style="list-style-type: none"> <li>32% reduction in internal sewer flooding incidents by 2024-25</li> </ul>	$\frac{(849.24 - 1244) \text{ nr incidents}}{1244 \text{ nr incidents}} \times 100 = -32\%$
<ul style="list-style-type: none"> <li>72% reduction in water supply interruptions by 2024-25</li> </ul>	$\frac{3 \text{ min} - 10 \text{ min} 35 \text{ sec}}{10 \text{ min} 35 \text{ sec}} \times 100 = -72\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> <li>9% increase in renewable energy produced from the company's operational business by 2024-25</li> </ul>	$\frac{(517 - 473) \text{ GW/h}}{473 \text{ GW/h}} \times 100 = +9\%$
<ul style="list-style-type: none"> <li>225% increase in Surface Water Management by 2024-25</li> </ul>	$\frac{(65 - 20) \text{ ha}}{20 \text{ ha}} \times 100 = +225\%$

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



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

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July 2019

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