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# PR19 final determinations

**Affinity Water – Delivering outcomes  
for customers final decisions**

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## PR19 final determinations: Affinity Water – Delivering outcomes for customers final decisions

In our draft determinations we published the ‘[Delivering outcomes for customers actions and interventions](#).’ document for each company. This document set out the actions from our initial assessment of plans, a summary of the company’s response to the action, our assessment of the company’s response, and the interventions we made as part of the draft determination. It also set out any interventions that did not result from an initial assessment of plans action, which we made as part of the draft determination.

This final determination document sets out the decisions we make for the final determination in response to representations received on our draft determinations and any other changes for the final determination.

Table 1 below sets out the draft determination decisions on performance commitments that were the subject of representations from the company, a summary of the company representation, our assessment and rationale for the final determination decision and our decisions for the final determination. Table 2 sets out the draft determination decisions on performance commitments that were the subject of representations from other stakeholders, a summary of the other stakeholder representations, our assessment and rationale for the final determination decision and our decisions for the final determination. Table 3 sets out any changes for the final determinations that are not resulting from representations received relating to the company.

Each performance commitment has a unique reference. The prefix ‘PR19AFW’ denotes Affinity Water.

For all other documents related to the Affinity Water’s final determination, please see the [final determinations webpage](#).

Our ‘Outcomes performance commitment appendix’ for the company is published alongside this document. These documents are intended to be fully consistent. In the event of any inconsistency, then the ‘Outcomes performance commitment appendix’ takes precedence in all instances.

**Table 1: Affinity Water – Representations in response to the draft determination**

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Overarching methodology	ODI rates	N/A	<p>The company makes no representations regarding our ODI rate methodology explicitly. However it does state on one performance commitment that our usage of the industry mean value to set an ODI rate is inappropriate. It states that where a dataset contains extreme values and a lack of explanation for why these may have occurred then the median is a more appropriate metric. It notes that we have used median values elsewhere in our draft determination where we had concerns regarding data quality and outliers.</p> <p>It also states, in the context of individual performance commitments, to use the median of the draft determination (normalised) ODI rates to set its ODI rate. It proposes this approach because it considers its draft determination underperformance</p>	<p>Change for the final determination.</p> <p>For our detailed response to the methodology points raised by the company see our ‘Delivering outcomes for customers policy appendix’.</p> <p>We consider representations from several companies stating that the median and interquartile range is a more appropriate basis on which to construct the ODI reasonable range. We use the reasonable range to benchmark companies’ proposed ODI rates and as a data input for setting a revised rate where a change to the company proposal is necessary. We have considered this carefully for all performance commitments where we use the reasonable range as part of our testing. As a consequence we are moving to a reasonable range defined by the median and interquartile range for low pressure, sewer collapses and sewer blockages. Where we have intervened at</p>	<p>We change our reasonable range to be based on the median and interquartile range for low pressure, sewer collapses and sewer blockages.</p>

			<p>ODI rate (which differs from the company's proposed April 2019 revised business plan rate) to be disproportionately large.</p>	<p>draft determination to set a company's ODI rate using the reasonable range we are changing our draft determination so that the rates align with our updated view of the reasonable range, defined by the median and interquartile range.</p> <p>For further details on our assessment of how we construct the reasonable range see our 'Delivering outcomes for customers policy appendix'.</p>	
<p>Per capita consumption (PCC)</p> <p>PR19AFW_R-B1</p>	<p>Performance commitment levels</p>	<p>No intervention at draft determination.</p>	<p>Affinity Water challenges the use of percentage reduction as the measurement unit for its per capita consumption performance commitment level and retains its originally proposed litres per person per day as the unit.</p>	<p>No change for the final determination.</p> <p>Whilst using absolute values offers an apparent tangible performance commitment level, we consider that using a percentage reduction relative to a baseline ensures that the performance commitment relates to actual performance changes and not to a methodology change which is important for this metric.</p> <p>On balance, we therefore consider that percentage reduction is the most appropriate unit due to ongoing convergence up to April 2020 with the common definition and alignment with the leakage performance commitment. We are retaining our draft determination performance commitment units.</p>	<p>N/A</p>
<p>Mains repairs</p> <p>PR19AFW_W-D4</p>	<p>Performance commitment levels</p>	<p>The intervention we made at draft determination was to set the performance commitment levels to the following values:</p> <p>2020-21 = 133.5 2021-22 = 133.5 2022-23 = 133.5 2023-24 = 133.5 2024-25 = 133.5</p> <p>Units: Number of mains repairs per 1,000km</p>	<p>The company proposes to change the performance commitment levels to 159.1 (number of mains repairs per 1,000km) in all years.</p> <p>The company sets out the results of its statistical analyses to illustrate that the draft determination performance commitment level is not achievable on a consistent basis given the significant impact of factors outside of management control. The evidence the company provides includes a regression analysis undertaken to understand the key drivers of burst mains performance and the impact of factors outside of its control, Monte Carlo analyses used to determine P50 ranges, evidence from the industry on the impact of factors such as weather events and geology, identifying where Affinity Water is impacted by the same relationships. The company explains it no longer takes the relationship between mains repairs and active leakage control into account when setting its performance commitment levels. The company</p>	<p>Change for the final determination.</p> <p>We consider that the company provides sufficient evidence at a general level to demonstrate that its mains repairs performance is influenced by weather factors, as confirmed by the results of the statistical analysis it provides. The company conceptually links specific weather observed in example summer or winter periods to soil moisture deficit and how it can cause pipe failures in its region. The company appears to have selected performance levels based the average of the last 9 years thereby taking into account the actual impact of weather and region specific geology but does not provide evidence to demonstrate how weather impacted its own region and which years it might have impacted mains repairs performance more than others and hence how to incorporate that into levels. The evidence provided has led us to consider further our approach to using the best three years for setting the performance commitment levels going forward. We amend the base levels of mains repairs (before the leakage allowance is added) to an average of the best five years performance. We now consider the use of best five historical years to set the forward looking base level provides a more representative performance commitment level (than three years) and ensures companies</p>	<p>We set the performance commitment levels to the following values:</p> <p>2020-21 = 150.7 2021-22 = 148.6 2022-23 = 146.5 2023-24 = 144.4 2024-25 = 142.3</p> <p>Units: Number of mains repairs per 1,000km</p>

			<p>states it already operates a calm network and has extensive pressure management.</p> <p>The company provides a chart showing average performance and standard deviation of normalised monthly burst performance since 2007 and states it shows that performance deteriorates during winter months and standard deviation increases. This, according to the company, implies a strong impact of variable winter weather conditions on performance outcomes in a given year.</p>	<p>maintain good performance to improve the overall health of the assets over the longer-term.</p> <p>Based on the data and evidence provided by several companies, our conclusion is that there is a link between increasing proactive mains repairs and reducing leakage. However, the data is too inconsistent and inconclusive to enable quantification of the future impact on leakage levels by conducting additional mains repairs. Therefore we will increase the performance commitment levels for mains repairs by a reducing percentage, for all companies, in all years, making it easier to achieve. The aim is to allow all companies the flexibility to deliver the improvement in leakage reduction, allowing more flexibility in the earlier years to use proactive mains repairs to reduce leakage.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.</p>	
<p>Mains repairs PR19AFW_W-D4</p>	<p>ODI rates</p>	<p>At draft determination, we applied our methodology, intervening to set the company's underperformance rate based on the upper bound of the reasonable range, due to poor comparative performance and to ensure the company is appropriately incentivised to improve performance. We therefore set the company's ODI underperformance rate to -£0.160m per mains repair per 1,000km of mains.</p>	<p>Affinity Water proposes reducing the underperformance rate from -£0.160m to -£0.096m (the industry median) per mains repair per 1,000km of mains. The company claims that 25% of its underperformance payments in a P10 scenario result from bursts, which it claims is disproportionate for a single aspect of its service where some service risks are outside of management control. It proposes using the median value from our draft determinations.</p>	<p>Change for the final determination.</p> <p>The company does not provide any evidence as to why setting its rate at the median industry rate based on our draft determination rate is more appropriate than our intervention at draft determination. We do not agree that the median is a more appropriate measure of the average than the mean in the case of mains repairs. We use the mean when setting our reasonable range for this performance commitment. Our 'Delivering outcomes for customers policy appendix' sets out our consideration of where median is preferable to mean when comparing company's ODI rates.</p> <p>We do not consider the company's arguments against the ODI rate we set to be convincing since we consider that:</p> <ul style="list-style-type: none"> <li>the company has poor comparative performance based on its levels proposed in its April 2019 revised business plan</li> <li>we expect companies to take steps to manage operational risks to their businesses, including being resilient to fluctuations in the weather; and</li> <li>the company's 'performance commitment and ODI' incentive testing research submitted in its April 2019 revised business plan states that 'mains bursts' emerged as the second most important performance commitment for customers, highlighting its importance</li> </ul> <p>However, when considering the performance commitment package as a whole, we consider whether the balance of</p>	<p>We change the company's underperformance payment rate to -£0.113m per mains repair per 1,000km of mains.</p>

				<p>incentives for particular performance commitments is appropriate at both an industry and company level. We set all companies' underperformance rates at the normalised (per household) industry average on mains repair to provide a more balanced spread of incentives and risks across the company's performance commitments. This will ensure the company does not overly focus on mains repairs to the detriment of other performance commitments which will benefit its customers. For further details on our approach to sector wide interventions on ODI rates see our 'Delivering outcomes for customers policy appendix'.</p>	
<p>Mains repairs PR19AFW_W-D4</p>	<p>Caps, collars and deadbands</p>	<p>Our intervention at draft determination was to remove collars for this performance commitment.</p>	<p>The company states that the draft determination underperformance rate and absence of a collar will result in a disproportionate underperformance payment in the event of extreme weather events which are outside the company's control.</p> <p>The company proposes the addition of a collar set at 200 repairs per 1,000km of mains. It states that bursts account for 25% of underperformance payments in a P10 scenario, which it states is disproportionate. It proposes a collar very slightly beyond its estimated P10 level of 199.8 repairs per 1,000km of mains.</p>	<p>No change for final the determination.</p> <p>We respond to the suggestion that the absence of a collar leads to disproportionate risk in the 'Delivering outcomes for customers policy appendix' where we set out that caps and collars should be applied to performance commitments which are financially material, where there is considerable uncertainty around the data or if the company has customer support for a collar.</p> <p>We do not set a collar on this common performance commitment for the following reasons:</p> <ul style="list-style-type: none"> <li>• It is not financially material. Taking account of evidence provided in representations we have set a higher performance commitment which reduces the downside risk since draft determination.</li> <li>• The company does not provide sufficient evidence that it allowed customers to make an informed choice about the collar that it is proposing.</li> <li>• We consider that for this performance commitment there is not considerable uncertainty.</li> </ul>	<p>N/A</p>
<p>Risk of severe restrictions in a drought PR19AFW_W-D2</p>	<p>Performance commitment levels</p>	<p>No intervention at draft determination.</p> <p>We made the following sector wide action at draft determination:</p> <p>The company should provide a full set of intermediate calculations (at a zonal level), for the underlying risk calculation</p>	<p>The company provides the intermediate calculations at a zonal level, which remains unchanged since the company's submission in response to our initial assessment of plans (IAP). The company confirms that the calculations are reflective of its final Water Resources Management Plan position and includes the potential that it has access to drought orders and permits. The company states that population growth is offset by its Water Saving Programme and sustainability changes are offset by new supply side schemes such as the Sundon treatment works.</p>	<p>No change for final determination.</p> <p>The company provides sufficient evidence (calculations and certainty grading) to demonstrate that its forecast of 0% of customers at risk over the planning period is achievable. The company supports that this is consistent with its Water Resources Management Plan, which includes the potential use of drought orders and permits until mitigating schemes are implemented. Our PR19 guidance sets out that companies may include drought orders and permits where these are likely to be permitted (consistent with their Water Resources Management</p>	<p>N/A</p>

		<p>(both baseline levels and performance commitment).</p> <p>The company should confirm that its performance commitment levels are reflective of their water resources management plan position. This should include the potential that they will have access to drought orders and permits</p> <p>The company should confirm which programmes of work will impact its risk profile forecasts.</p>	<p>Furthermore, the company confirms that no programmes of work impact its risk profile forecasts.</p>	<p>Plan) and where the benefits reflect those that would be considered reasonable in a 1-in-200 year drought. We consider this to be the case for Affinity Water and that the information the company provides means it could achieve the supply/demand balance in all Water Resource Zones in all years.</p> <p>We retain our draft determination decision as this is supported by the additional evidence provided, as set out in our methodology.</p>	
<p>Properties at risk of receiving low pressure</p> <p>PR19AFW_W-D5b</p>	<p>ODI rates</p>	<p>We intervened at draft determination to increase the company's underperformance payment rate to -£0.4592 million, based on the average of the reasonable range,</p>	<p>The company proposes an underperformance incentive rate at the industry median, but excludes Yorkshire Water's ODI rate which it refers to as an industry outlier. It proposes to set the underperformance rate for this performance commitment at -£0.105m per property per 10,000 connections.</p> <p>The company states that our use of the arithmetic mean of ODI rates to set its draft determination value is inappropriate due to the presence of outliers in the data.</p>	<p>Change for the final determination.</p> <p>We consider representations from several companies stating that the median and interquartile range is a more appropriate basis on which to construct the ODI reasonable range. We use the reasonable range to benchmark companies' proposed ODI rates and as a data input for setting a revised rate where a change to the company proposal is necessary. We consider this carefully for all performance commitments where we use the reasonable range as part of our testing. As a consequence we consider the evidence is sufficient and convincing to amend our methodology to use a reasonable range defined by the median and interquartile range for low pressure, sewer collapses and sewer blockages. Where we have intervened at draft determination to set a company's ODI rate using the reasonable range we are changing our draft determination so that the rates align with our updated view of the reasonable range, defined by the median and interquartile range.</p> <p>However, we consider that the company does not provide sufficient and convincing evidence to support the exclusion of outliers in our calculation of the median. One benefit of using the median is that outliers have less impact on the resulting value than the mean.</p> <p>For further details on our assessment of how we construct the reasonable range see our 'Delivering outcomes for customers policy appendix'.</p>	<p>We change the underperformance payment rate to -£0.264m per property on the low pressure register per 10,000 connections.</p>

<p>Unplanned Supply Interruption over 12 hours</p> <p>PR19AFW_W-N1</p>	<p>ODI type and rate</p>	<p>Our intervention at draft determinations was to revise the performance commitment definition, using the definition provided by Northumbrian Water for their very similar performance commitment.</p> <p>We also intervened to change the outcome delivery incentive type to financial - outperformance and underperformance. We set the ODI rates to:</p> <p>Underperformance: -£0.006456m per property</p> <p>Outperformance: £0.00116m per property.</p>	<p>The company proposes to change the ODI type to reputational but retain our definition and level of stretch from draft determination.</p> <p>The company bases its representation on four key areas:</p> <p>First, that the definition we applied at draft determination is overly onerous because of operational conditions in north London and South East England compared to Northumbrian Water's region. The company claims that it runs a higher risk in relation to interruptions over 12 hours than other companies, which it can only partially mitigate. It states that the risk is greater than companies that are more rural due to its high urban population density and the density of strategic road and railway networks in its region. The company states that it cannot fully mitigate these risks so the ODI should be changed to reputational.</p> <p>Second, that the impact of introducing financial incentives is disproportionate, considering there are other performance commitments in this area (mains repairs and supply interruption &gt;3hrs), and that the company faces significant risks associated with a single aspect of service that can be beyond management control.</p> <p>Third, that there is a direct overlap with the guaranteed standards of service scheme (GSS).</p> <p>Fourth, that we took a different approach to mitigating the disproportionate financial risk from the package of ODIs for this performance commitment than we did for leakage. Both were material contributors, but for this performance commitment we applied an underperformance collar but for leakage we used judgement in selecting a lower ODI rate.</p>	<p>Change for the final determination.</p> <p>Assessment of definition compared to other companies:</p> <p>The performance commitment is more clearly defined than the previous PR14 definition and it may be the case that there is less flexibility for the company.</p> <p>There may be reasons as to why a dense urban area may lead to difficulties in access, there are also advantages from the ability to deploy monitoring that will cover a greater proportion of the population, reduced travelling time to remote locations and the increased opportunity to provide dual supplies so that water can still be provided even if a burst pipe cannot be replaced. As the company does not consider the advantages as well as the disadvantages we consider that the company evidence is insufficient to demonstrate that the performance commitment is more onerous than Northumbrian Water's performance commitment.</p> <p>Assessment of disproportionate incentives and overlap:</p> <p>We are cognisant of the company arguments around proportionality and the potential for overlaps with other measures and consider that there is some merit in these arguments. We recognise that there are significantly larger incentives attached to the company in this area now, relative to the 2015-20 period, and that this is partly due to our applying ODI rates from a similar 2015-20 measure on to this performance commitment at draft determination stage. These rates were not calibrated to account for overlaps with the 2020-25 performance commitments, such as supply interruptions greater than 3 hours and mains repairs. The extent of the overlap is not known.</p> <p>Overlaps considered as part of Northumbrian Water's ODI:</p> <p>Northumbrian Water has a performance commitment with the same definition and their outcome delivery incentive accounts for overlaps with common measures. We consider that the extent of the overlap between the measures is likely to be similar for both Northumbrian Water and Affinity Water. Northumbrian Water's customer evidence and willingness to pay evidence from its September 2018 business plan submission states that it explained to customers in a video during its 'bespoke ODI' willingness to pay research that potential rewards for common measures, such as the supply interruptions greater</p>	<p>We change the underperformance and outperformance payment rates to -£0.00331m per property and £0.00331m per property.</p>
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				<p>than 3 hours measure were already set and that its bespoke ODIs would therefore be additional. The consideration of overlaps between the measures therefore appears to have built into the company's calculations. Whilst Northumbrian Water does not state if any guaranteed standards of service scheme overlap was also considered, we note that the current guaranteed standards of service scheme regulations do not apply in all cases that a supply interruption is greater than 12 hours.</p> <p>While there is some overlap between supply interruptions more than 3 hours and mains repairs the actual values from these performance commitments for an individual incident that is more than twelve hours is not substantial.</p> <p>We consider that adopting Northumbrian Water's ODI rate for supply interruptions greater than 12 hours addresses the points raised by Affinity Water on proportionality.</p> <p>Customer Research background from draft determination:</p> <p>At draft determination, we considered that there was a clear customer benefit to directly incentivising the company to take action to improve its performance in longer supply interruptions, particularly given poor past performance. Affinity Water's own research shows customer support for underperformance payments when the company fails to meet its supply interruption performance commitment levels. We note that the company's 2015-20 outcome delivery incentive rate (adjusted for inflation) is very similar to the (unscaled) rate implied by the company's willingness to pay research for the 2020-25 regulatory period. We accept that using unscaled values would not normally be appropriate but we continue to consider that they can be appropriate to establish customer support for financial incentives.</p> <p>Past Delivery Concerns:</p> <p>The company performed poorly in this area from 2011-12 to 2017-18. The company has evidence that before Freeze Thaw it was on track to meet its performance commitment levels for 2017-18 and has outperformed its performance commitment level in 2018-19 and is on track to outperform in 2019-20 based on the first four months of the year.</p>	
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				<p>Disproportionate impact on overall company returns on regulated equity:</p> <p>We do not consider that the fact we took a different approach to mitigating the risk for leakage and this performance commitment is relevant information. It is important to consider the package of incentives, but to the extent that we are reducing incentives there is a potential risk that it will impact the service that customers receive. It is important that we consider the specific facts for each performance commitment so that we can do this in a way that best aligns the interests of the company and its customers.</p> <p>Guaranteed standards of service scheme payments:</p> <p>We do not consider the guaranteed standards of service scheme payments as a significant factor as they are currently only £20 after 12 hours without supply (or 48 hours if caused by a burst or leak to a 'strategic main'), and a further £10 for every additional 24 hours they do not have water. These are relatively small incentives compared to the ODI rates.</p> <p>Overall, we consider that there is sufficient and convincing evidence that the rate should be reduced to address the overlaps with other 2020-25 ODIs.</p> <p>However, we consider that there is insufficient evidence to change the ODI type by removing financial incentives as there is evidence that customers support a performance commitment and the overlaps are not absolute.</p> <p>We set the underperformance and outperformance rate on this performance commitment equal to the ODI rates proposed by Northumbrian Water. Northumbrian Water uses the same definition as the company and its proposed ODI rates used willingness to pay data that accounted for overlaps with other performance commitments for the 2020-2025 period.</p>	
<p>Unplanned Supply Interruption over 12 hours</p> <p>PR19AFW_W-N1</p>	<p>Caps, collars and deadbands</p>	<p>Our intervention at draft determination was to set the collar to 775 for each year of the 2020-2025 period.</p> <p>Units: Number of properties subject to unplanned supply</p>	<p>The company states that having a financial incentive for this performance commitment overlaps with the supply interruptions greater than 3 hours underperformance payments and mains repairs. It considers that financial incentives set at the draft determination for related performance commitments are disproportionate</p>	<p>Change for the final determination.</p> <p>Our response to the company points on the overlap is set out as part of those concerning the ODI rate. We consider that this performance commitment is financially material and therefore as explained in 'Delivering outcomes for customers policy appendix' we consider a standard outperformance cap and underperformance collar and is appropriate. We also set out in</p>	<p>We set the underperformance collar to the following level:</p> <p>2020-21 = 536                  2021-22 = 547                  2022-23 = 560                  2023-24 = 574                  2024-25 = 590</p>

				<p>this document how we protect companies from disproportionate risk.</p> <p>To estimate P10 and P90 performance levels in this case, we use the company's P10 and P90 performance levels that it proposed in its representations (table OC1, August 2019). We take this approach because P10 and P90 performance levels were not provided in the company's April business plan submission.</p>	<p>Units: Number of properties subject to unplanned supply interruptions greater than 12 hours.</p> <p>We set the outperformance cap to the following level:</p> <p>2020-21 = 200 2021-22 = 200 2022-23 = 200 2023-24 = 200 2024-25 = 200</p> <p>Units: Number of properties subject to unplanned supply interruptions greater than 12 hours.</p>
<p>Water quality contacts</p> <p>PR19AFW_W-N2</p>	<p>Performance commitment levels</p>	<p>At draft determination we recommended the company consider a measure on taste and odour since it is not a wastewater measure.</p>	<p>The company has introduced a new performance commitment that combines customer contacts on appearance, taste, and odour. This replaces its previous performance commitment for discolouration only.</p> <p>It sets out revised performance commitment level for this new performance commitment at 0.80 (customer contacts per 1,000 population) for each year from 2020-21 to 2024-25. The performance commitment level is based on its 3 best year's performance since 2012 and the company states it is currently a good performer in this area.</p> <p>The company states that it has set its performance commitment levels in line with our methodology and that they are particularly stretching due to the additional challenges it faces in the 2020-25 period, those challenges are:</p> <ul style="list-style-type: none"> <li>It plans to import water from Anglian Water's supply region in an attempt to reduce reliance on the chalk water and to protect water courses. Due to difference in chemical composition between these two waters, it can raise taste and odour complaints, impacting its performance on this performance commitment during 2020-25.</li> </ul>	<p>Change for the final determination.</p> <p>The company's change to its definition on customer contact brings the company in alignment with the rest of the industry. We welcome the adoption of this new performance commitment.</p> <p>The company sets its levels based on its best 3 years since 2012, it states this is aligned to our methodology. However this methodology is only applied to the non-customer facing asset health measures, not customer facing measures. For these measures we compare forecast performance based on forecast upper quartile levels and set interventions based on percentage upper quartile improvement or upper quartile. The company has not provided any evidence to demonstrate why its own backward looking proposal is more suitable.</p> <p>The company's current (2018-19) performance is better than the current upper quartile (0.58 compared to 1.20), however its forecast is not upper quartile (0.80 compared to 0.67). We conduct comparative analysis based on forecast upper quartile in order to set stretching service levels for companies. This means that based on the comparative analysis the company will be providing its customers with worse comparative performance.</p> <p>Although we acknowledge that water from Grafham Water Treatment Works could lead to increase in taste and odour complaints due to difference in water chemistry between the water already being supplied by Affinity Water in its north and</p>	<p>We set the performance commitment levels at:</p> <p>2020-21 =0.67 2021-22 =0.67 2022-23 =0.67 2023-24 =0.67 2024-25 =0.67</p> <p>Units: customer contact per 1,000 population</p>

			<ul style="list-style-type: none"> <li>• In times of longer duration of supplies from Anglian Water's supply region, it has potential to strip off chalk from customers' pipes leading to discolouration events and hence further impacting its performance on this performance commitment.</li> <li>• The company states that this could lead to increase in customer contact by 0.21 per 1,000 customers (316,000 properties impacted)</li> <li>• It states that this will be an issue until its new £10.5m conditioning plant at Sundon is built.</li> </ul>	<p>east parts, we do not consider this should impact performance for the following reasons:</p> <ul style="list-style-type: none"> <li>• The Drinking Water Inspectorate's (DWI) guidance does not allow mixing of different water sources without putting mitigating measures in and the company is required to comply with this requirement. The DWI's published guidance on long term planning for water quality of drinking water supplies addressed to water companies states, 'Transfers of water, or commissioning of new sources, that increase the risk of non-compliance, such as by discolouration, objectionable tastes and odours, nitrates or pesticides, should not be permitted until steps to mitigate those risks are in place.'</li> <li>• As a result the company is building a new conditioning plant. Its Water Resources Management Plan states that the increased volume will only be taken from 2024-25, after the construction of the new conditioning plant.</li> <li>• We consider that Affinity Water does not provide convincing evidence to demonstrate the potential impact of the Grafham bulk supply and does not provide evidence to demonstrate how it has determined the potential impact (and increase of 0.21 contacts per 1000 population). We expect the company to have provided an analysis showing how much water they expect to import from the Anglian supply and the potential quantified impact it will have on customer contacts, aligned to the construction timetable of the new conditioning plant.</li> </ul> <p>Based on this assessment, we consider that the company's performance should not be set at a level which allows for such a significant deterioration in performance from its current levels. As set out in the '<a href="#">PR19 draft determinations: Delivering for customers outcomes policy appendix</a>', we aim to incentivise improvements in companies' performance to the absolute upper quartile value (0.67 number of customer contacts per 1,000 population), or where this would require more improvement than the upper quartile percentage reduction (34%), to deliver that 34% reduction. For Affinity Water, as this results in the absolute upper quartile level (0.67) being reached in year one, we set the performance commitment level to 0.67 in all years.</p>	
<p>Water quality contacts</p> <p>PR19AFW_W-N2</p>	<p>ODI type</p>	<p>No intervention at draft determination.</p>	<p>As part of the company's proposed new combined performance commitment, it proposes a financial ODI with both underperformance payments and outperformance payments, whereas the non-combined performance commitment was previously underperformance payment only. It states that this</p>	<p>Change for the final determination.</p> <p>To determine if the evidence for proposed outperformance payments for asset health performance commitments is sufficient, and the outperformance payment justified, we apply the following criteria (as set out in our '<a href="#">PR19 draft</a></p>	<p>We set the ODI type for the revised performance commitment to underperformance payment only.</p>

			<p>reflects its ambition to maintain its position as an industry leader and incentivises the right behaviour to do so. Furthermore, it states this is in line with the wider industry where 13 out of the 16 companies (excluding Affinity Water) have customer contact incentives that include an outperformance payment and underperformance payment. The company considers that whilst it has not had an opportunity to engage with its customers specifically on this new combined measure, wider industry evidence for this specific performance commitment provides strong evidence that customers in general support outperformance payments in relation to customer contacts on appearance, taste, and odour.</p>	<p>determinations: Delivering for customers outcomes policy appendix') :</p> <ul style="list-style-type: none"> <li>• The performance commitment has a stretching level of performance.</li> <li>• Whether the company has engaged specifically with its customers.</li> <li>• If the company has any past performance or past delivery issues.</li> <li>• No double counting of outperformance incentives between asset health and service-related performance commitments.</li> </ul> <p>As the company states, it has not engaged specifically with its customers on this performance commitment. It previously proposed (in its April 2019 revised business plan) an underperformance only incentive for its 'customer contacts for discolouration' performance commitment, and it is unclear why it is now proposing an outperformance payment for a very similar performance commitment. Whilst its previous research shows water quality is important to customers, there is no customer research specifically on water quality contacts. We therefore consider that the company fails the 2nd criteria.</p> <p>As our default is underperformance-only, we are reverting to this ODI type.</p>	
<p>Water quality contacts</p> <p>PR19AFW_W-N2</p>	<p>ODI rates</p>	<p>At draft determination we included a water contacts relating to appearance performance commitment, and we intervened to set an underperformance only incentive of -£2.044m/unit.</p>	<p>The company proposes a revised measure on appearance, taste and odour in response to our feedback in our draft determination. It proposes symmetric underperformance and outperformance rates of -£2.044m and £2.044m. The company has not engaged with customers on the new combined measure.</p> <p>It states that it is appropriate to extend the incentive rate that we set for the appearance performance commitment to the combined measure. It notes that where we intervened at draft determination to extend Northumbrian Water's definition of appearance in its performance commitment, we did not change the incentive rate. The company further notes that, of the 4 companies that have multiple measures relating to customer contacts on water quality, 3 of them use the same incentive rates for each measure. The company states that 4 companies have outperformance rates equal to underperformance rates for water quality contact</p>	<p>No change for the final determination.</p> <p>The company does not propose to change the underperformance payment rate we set in our draft determination. We consider that the company has provided sufficient and convincing evidence that the draft determination rate we set should be applied to the revised definition.</p>	<p>N/A</p>

			performance commitments, and so they have adopted the same approach.		
Water quality contacts  PR19AFW_W-N2	Caps, collars and deadbands	No intervention at draft determination.	The company proposes a cap and collar set at the P10 and P90 levels. It notes its P10 and P90 levels are based on its historic performance.	<p>No change for final the determination.</p> <p>We respond to the suggestion that the absence of a collar leads to disproportionate risk in the 'Delivering outcomes for customers policy appendix' where we set out that caps and collars should be applied to performance commitments which are financially material, where there is considerable uncertainty around the data or if the company has customer support for a collar.</p> <p>We do not set a collar on this common performance commitment for the following reasons:</p> <ul style="list-style-type: none"> <li>• It is not financially material. Taking account of evidence provided in representations we have set a higher performance commitment which reduces the downside risk since draft determination.</li> <li>• The company does not provide sufficient evidence that it allowed customers to make an informed choice about the collar that it is proposing.</li> <li>• We consider that for this performance commitment there is not considerable uncertainty.</li> </ul>	N/A
Cyber security and resilience  PR19AFW_R-N6	Performance commitment definition	No intervention at draft determinations.	The company proposes to rename the cyber security and resilience performance commitment to 'IT Resilience' as the measure relates more to 'IT resilience' than 'Cyber security'.	<p>Change for the final determination.</p> <p>We consider this name change to appropriately reflect the purpose of the performance commitment.</p>	We revise the performance commitment to rename the cyber security and resilience performance commitment to 'IT Resilience'.
Value for Money Survey  PR19AFW_R-N9	Performance commitment definition	<p>Our intervention at draft determination was to set the following performance commitment levels:</p> <p>2020-21 = 70 2021-22 = 71 2022-23 = 73 2023-24 = 74 2024-25 = 75</p> <p>Units: Percentage (%) measuring perception of value for money.</p>	The company proposes to amend the question to be used to inform this performance commitment and the associated performance commitment level. The company developed the measure with its Customer Challenge Group (CCG) and considers it will allow it to get more customer-focused feedback (we have not received a representation from the Customer Challenge Group itself). In its representation, the company proposes a performance commitment level of 7.6 to 7.8 across the period in terms of a rating out of 10 for value for money. It proposes to include only customers who know the size of their bill.	<p>Change for the final determination.</p> <p>The absolute performance level appears to be more stretching than that set by us at draft determination (an average customer rating of value for money of 7.8 out of ten as opposed to 75% of customers rating value for money as 'good' or 'very good' by 2025). Further, the measure has been developed with customer representatives.</p> <p>The company does not explain why it has included the condition in its proposed definition to 'focus on customers who say they know what the size of their bill is'. Excluding other customers from the survey would mean that respondents are not</p>	<p>We revise the definition performance commitment definition to be scored out of 10 and we revise the delivery schedule to:</p> <p>2020-21 = 7.60 2021-22 = 7.65 2022-23 = 7.70 2023-24 = 7.75 2024-25 = 7.80</p>

				<p>representative of the company’s customer base and would therefore influence results. We do not allow this criteria to be specified in ‘value for money’ performance commitments for other companies. The company should as far as possible work to obtain answers from a representative group of its customers.</p> <p>We consider the company provides sufficient and convincing evidence for us to update the performance commitment definition to a score out of 10, rather than a percentage as we set at draft determination. Further, we consider that the profile it proposes is more stretching than our draft determination, therefore we revise the performance commitment levels accordingly.</p> <p>We do not consider that the company provides sufficient and convincing evidence for the performance commitment to only focus on customers who know the size of their bill.</p>	<p>Units: Ratings out of 10, measuring perception of value for money.</p>
<p>River Restoration PR19AFW_W-B3</p>	<p>ODI type and rates</p>	<p>We intervened at draft determination to remove outperformance payments for this performance commitment.</p>	<p>The company states that we previously requested additional customer evidence to support outperformance payments for the early delivery of river restoration schemes. The company states that it submitted new evidence in its response on the 18 June 2019 but that this information was submitted too late to be taken into account for the draft determinations. The company resubmits this evidence for consideration.</p> <p>The company proposes to amend its outperformance rate to £0.215m in its submitted OC.2 table.</p>	<p>Change for the final determination.</p> <p>We consider the customer research on outperformance payments to be good quality, and that customers show strong support for financial incentives for this performance commitment.</p> <p>We change the underperformance and outperformance rates for the final determination. We set the company’s ODI rates using the company’s June 2018 willingness to pay values and our standard ODI rate formula.</p>	<p>We change the ODI type to underperformance and outperformance payments.</p> <p>We change the underperformance and outperformance payment rates to -£0.0347m per unit and £0.0174m per unit.</p> <p>Unit: Number of morphological schemes completed.</p>
<p>Customer measure of experience (C-MeX) PR19AFW_R-C1</p>	<p>All</p>	<p>We set a common performance commitment for all companies regarding residential customer satisfaction.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the ‘Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the ‘Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p>	<p>See ‘Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p>
<p>Developer services measure of experience (D-MeX) PR19AFW_W-C1</p>	<p>All</p>	<p>We set a common performance commitment for all companies regarding developer services customer satisfaction.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the ‘Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the ‘Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p>	<p>See ‘Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p>

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**Table 2: Affinity Water – Representations from other stakeholders**

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Consumer Council for Water	Leakage PR19AFW_W-B1	Performance commitment levels	<p>The intervention we made at draft determination was to set the performance commitment percentage reduction levels to the following values:</p> <p>2020-21 = 2.7% 2021-22 = 11.1% 2022-23 = 14.0% 2023-24 = 17.0% 2024-25 = 20.0%</p> <p>Units: percentage reduction in leakage from 2019-20 initial levels on a three-year average basis.</p>	CCWater considers a further 20% reduction will be challenging for Affinity Water, given they are one of the better performers in relation to leakage. However, CCWater notes that it is important to demonstrate a commitment to bringing leakage down, given the company was 'compulsorily metering its customers in order to help reduce demand'.	<p>No change for the final determination.</p> <p>For the company, we intervened at draft determination to reduce the percentage reduction over the period from the company's proposed 23% to 20% which we considered stretching and covered by base funding. Using normalised metrics (per property and per kilometre of mains) the company is currently one of the more poorly performing companies on a comparative basis and a higher than average improvement is needed to reduce the performance gap to other companies.</p>	N/A
Group Against Reservoir Development (GARD)	Per Capita Consumption (PCC) PR19AFW_R-B1	Performance commitment levels	No intervention at draft determination.	Group Against Reservoir Development challenges that neither Thames Water nor Affinity Water have allowed for the greater reduction of per capita consumption that will come from widespread introduction of smart metering and tariff structuring.	<p>No change for the final determination.</p> <p>We assess that Affinity Water has proposed the highest reduction of 13% and any greater reduction is considered unachievable over one five-year period.</p>	N/A
Consumer Council for Water	Non- performance commitment specific representation	ODI rates	N/A	CCWater has conducted additional customer research, finding that 81% of Affinity Water's customers found the potential impact of ODIs on their water bills over the period to be acceptable. It notes this is a lower level of acceptability than that achieved by the 'base' plan. The research also states that the company's research shows 39% of customers support the principle of financial outperformance through ODIs.	<p>No change for the final determination.</p> <p>We note the results of CCWater's research, which shows that the majority of customers support the bill impacts of our draft determinations including outcome delivery incentives. As discussed in our assessment of methodology representations, we have assessed support for outperformance payments at a performance commitment-specific level, to most accurately reflect customer preferences.</p>	N/A

**Table 3: Affinity Water – Changes to the draft determination not due to a representation**

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
N/A	ODI rates	We intervened on some ODI rates at draft determination.	<p>Change for the final determination.</p> <p>For final determinations we revise some ODI rates on which we have previously intervened due to updates in the underlying data used to calculate the ODI rates. In particular, we update the data on the number of connections to reflect the latest information available. In most cases this has only a small impact on the ODI rates.</p> <p>We update all ODI rates where we calculate a ‘delay’ or ‘cost-recovery’ rate using the weighted average cost of capital and/or other regulatory parameters to reflect the values we are using in our final determination.</p> <p>We also make a small number of corrections for where we have identified errors in our draft determination calculations. The final ODI rates are specified in Affinity Water – Outcomes performance commitment appendix.</p> <p>In particular for leakage underperformance rate the value stated in our draft determination (-£0.179m per megalitre per day) does not correctly apply our intervention. The corrected value for our final determination is -£0.160m per megalitre per day. This also impacts the outperformance rate which is set by dividing the underperformance rate by 1.2.</p>	We change ODI rates where the underlying data used to calculate the rate has been updated, or an error has been identified.
<p>Water Quality Compliance (Compliance Risk Index)</p> <p>PR19AFW_W-A1</p>	Caps, collars and deadbands	<p>The intervention we made at draft determinations was to set a standard deadband which all companies were expected to adopt. The deadband profile for the Compliance Risk Index (CRI):</p> <p>2020-21 = 2.00                  2021-22 = 2.00                  2022-23 = 1.50                  2023-24 = 1.50                  2024-25 = 1.50</p> <p>Unit = Compliance Risk Index Score</p>	<p>Change for the final determination.</p> <p>We amend the deadband on the CRI to a score of 2.00 throughout the period reducing the risk of underperformance payments in the last three years of the 2020-25. This allows more flexibility in performance to take into account the uncertainty created by the ban on the use of metaldehyde being overturned by the High Court and also aligns with the median level of current company performance.</p> <p>Please refer to the ‘Delivering outcomes for customers policy appendix’ for further information.</p>	<p>The following is a sector wide change for the final determination.</p> <p>We set a revised standard deadband for all companies. The deadband profile for the Compliance Risk Index is:</p> <p>2020-21 = 2.00                  2021-22 = 2.00                  2022-23 = 2.00                  2023-24 = 2.00                  2024-25 = 2.00</p> <p>Unit = Compliance Risk Index Score</p>
<p>Water quality compliance (Compliance Risk Index)</p> <p>PR19AFW_W-A1</p>	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in ‘Delivering outcomes for customers policy appendix’.</p>	<p>We estimate P10 performance levels as:</p> <p>2021-22 = 5.90                  2022-23 = 5.90                  2023-24 = 5.90</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			To estimate P10 performance levels, we adjust the P10 performance levels set out in the company's business plan for changes in the underperformance deadband between business plan submission and final determination. This maintains the underperformance range over which underperformance incentives apply in the P10 scenario. This results in a lower estimate of P10 performance than the company proposed in its business plan data submission.	2024-25 = 5.90
Leakage  PR19AFW_W-B1	Performance commitment definition	No intervention at draft determination.	Change for the final determination.  To avoid any misinterpretation regarding the value for the company's 2019-20 leakage target, we amend the performance commitment definition to clarify the requirement for all companies.	We amend the wording of the performance commitment definition to the following:  'As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or five year average basis, we assume the 2019-20 annual performance commitment level is equal to the average level specified in the PR14 performance commitment.'
Leakage  PR19AFW_W-B1	Caps, collars and deadbands	We intervened to set caps to the following levels:  2020-21 = 5.8% 2021-22 = 13.8% 2022-23 = 16.7% 2023-24 = 19.5% 2024-25 = 22.3%  Units: Percentage reduction from 2019-20 baseline using a three-year average (%)	Change for the final determination.  The outperformance caps are based on estimates of P90 performance, which change slightly, due to the change in the performance commitment levels. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.	We set the outperformance caps to the following levels:  2020-21 = 5.8% 2021-22 = 13.8% 2022-23 = 16.5% 2023-24 = 19.4% 2024-25 = 22.2%  We do not change the collar levels.  Units: Percentage reduction from 2019-20 baseline using a three-year average (%)

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>We intervened to set collars to the following levels:</p> <p>2020-21 = -5.0%            2021-22 = -5.0%            2022-23 = -5.0%            2023-24 = -5.0%            2024-25 = -5.0%</p> <p>Units: Percentage reduction from 2019-20 baseline using a three-year average (%)</p>		
Water supply interruptions PR19AFW_W-D1	Performance commitment levels	<p>The intervention we made at draft determination was to set performance commitment levels that are consistent with the rest of the industry for supply interruptions. The following values were set:</p> <p>2020-21 = 00:05:24            2021-22 = 00:04:48            2022-23 = 00:04:12            2023-24 = 00:03:36            2024-25 = 00:03:00</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year</p>	<p>Change for the final determination.</p> <p>We adjust the water supply interruptions 2024-25 level to five minutes, with an amended glidepath in the first four years, taking account of wider evidence to calibrate stretch of performance commitment for an efficient company.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for further information.</p>	<p>The following is a sector wide change for the final determination.</p> <p>We revise performance commitment levels to the following values:</p> <p>2020-21 = 00:06:30            2021-22 = 00:06:08            2022-23 = 00:05:45            2023-24 = 00:05:23            2024-25 = 00:05:00</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year</p>
Water supply interruptions PR19AFW_W-D1	ODI rates	No intervention at draft determination.	<p>Change for the final determination.</p> <p>When considering the performance commitment package as a whole, we consider the balance of incentives for particular performance commitments is appropriate at both an industry and company level. We set all companies' underperformance rates symmetrically to outperformance rates to provide a more balanced spread of incentives and risk on water supply interruptions. For further details on our approach to sector wide interventions on ODI rates see our 'Delivering outcomes for customers policy appendix'.</p>	We change the company's underperformance ODI rate to -£0.525m per minute per property.
Water supply interruptions PR19AFW_W-D1	Caps, collars and deadbands	Our intervention at draft determination was to remove the deadbands for this performance commitment.	<p>Change for the final determination.</p> <p>Following the changes we make to the overall outcomes package we no longer consider that this performance commitment is driving a disproportionate risk. We</p>	<p>We set the outperformance caps to the following levels:</p> <p>2020-21 = 00:03:30            2021-22 = 00:03:21</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>We intervened to set caps to the following levels:</p> <p>2020-21 = 00:04:00 2021-22 = 00:03:30 2022-23 = 00:03:00 2023-24 = 00:02:30 2024-25 = 00:02:00</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year</p> <p>We intervened to set collars to the following levels:</p> <p>2020-21 = 00:08:06 2021-22 = 00:09:36 2022-23 = 00:11:06 2023-24 = 00:12:36 2024-25 = 00:14:06</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year</p>	<p>stated in our draft determinations we may remove the interventions if the package level concerns are no longer present.</p> <p>We therefore apply the standard approach to setting collars for this performance commitment. In 'Delivering outcomes for customers policy appendix' explain how we set the level of caps and collars in the final determination including that we set caps at the P90 performance level.</p> <p>Our standard approach to revising P90 estimates due to the change in performance level would lead to a P90 estimate that it is pessimistic compared to other companies. Instead we amend these to be more in line with other companies and have set the caps at these levels.</p>	<p>2022-23 = 00:03:11 2023-24 = 00:03:02 2024-25 = 00:02:54</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year</p> <p>We set collars to the following levels:</p> <p>2020-21 = 00:22:45 2021-22 = 00:22:45 2022-23 = 00:22:45 2023-24 = 00:22:45 2024-25 = 00:22:45</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year</p>
<p>Water supply interruptions</p> <p>PR19AFW_W-D1</p>	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 performance levels, we first adjust the P10 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then conduct reasonable range analysis on the ratio of P10 performance levels to performance commitment levels, and we determine that the P10 performance level is outside the reasonable range. We therefore increase the stretch of the P10 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean.</p>	<p>We estimate P10 performance levels as:</p> <p>2021-22 = 00:17:43 2021-22 = 00:17:34 2022-23 = 00:17:14 2023-24 = 00:16:37 2024-25 = 00:16:06</p>
<p>Unplanned Outage</p> <p>PR19AFW_W-D3</p>	Performance commitment levels	No intervention at draft determination.	<p>Change for the final determination.</p> <p>We consider that a standard performance level in 2024-25 is appropriate for this measure. We consider this an appropriate approach for unplanned outage as it recognises the current maturity of the metric and the limited historical dataset in which to set stretching levels for. A standard level for 2024-25 is not suitable for any other asset health performance commitment as this would allow deterioration of</p>	<p>The following is a sector wide change for the final determination.</p> <p>We set the performance commitment levels to the following values:</p> <p>2020-21 = 2.34 2021-22 = 2.34</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>performance for many companies, which is counter to our methodology requirement for companies to improve performance.</p> <p>All companies that forecast performance (2019-20 or actual 2018-19) better than 2.34% will be set performance commitments levels at 2.34% in all years. All companies that forecast performance (2019-20 or actual 2018-19) worse than 2.34% will be set profiles from their forecast 2019-20 (or actual 2018-19) value to 2.34%. The only exception to this is Southern Water which proposes worse performance commitment levels but a significant improvement from their current levels, therefore we have allowed Southern Water a different 2024-25 level. As Affinity Water's 2018-19 actual performance is better than 2.34% we set the performance commitments levels at 2.34% in all years.</p> <p>Please refer to our 'Delivering outcomes for customers policy appendix' for further information.</p>	<p>2022-23 = 2.34 2023-24 = 2.34 2024-25 = 2.34</p> <p>Units: Percentage of peak week production capacity (%)</p>
Unplanned Outage PR19AFW_W-D3	Caps, collars and deadbands	We did not set caps and collars in the draft determination.	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the collar for this performance commitment. We explain in the 'Delivering outcomes for customers policy appendix' that we apply caps and collars for all companies and how we set these levels. For unplanned outages we set the collar at 2 times the 2020-21 performance commitment level for all companies (except those with enhanced ODIs).</p>	<p>We set collars to the following levels:</p> <p>2020-21 = 4.68 2021-22 = 4.68 2022-23 = 4.68 2023-24 = 4.68 2024-25 = 4.68</p> <p>Unit: Percentage of peak week production capacity</p>
Reducing the total number of void properties by identifying false voids PR19AFW_R-C4	ODI rates	<p>Our intervention at draft determination was to adjust the ODI rate based on a wholesale bill of £169, marginal costs of £30, a cost sharing factor of 50%, and property numbers as provided by the company in its September 2018 business plan. The ODI rates are:</p> <p>Underperformance: -£2.248m per 1% Outperformance: £1.233m per 1%</p>	<p>Change for the final determination.</p> <p>As we explain in the 'Delivering outcomes for customers policy appendix', we revise our methodology for performance commitments concerning 'void. We remove the cost sharing factor, as there is no cost sharing for the retail price control. We also calculate the financial incentive based on a weighted incentive rate based on the number of customers between single and dual services to more accurately align incentives to the customer benefit.</p> <p>We also apply a symmetric 50% sharing ratio to protect customers against the impact of macroeconomic factors. This is applied symmetrically to underperformance and outperformance payments. The change in methodology is due to representations from a number of companies, we consider that together the arguments and evidence provided are sufficient and convincing for us to change the voids ODI rate methodology to share the risk between the company and customers.</p>	<p>We revise ODI rates to:</p> <p>Underperformance: -£1.223m per 1%. Outperformance: £1.223m per 1%.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
<p>Reducing the total number of void properties by identifying false voids</p> <p>PR19AFW_R-C4</p>	Caps, collars and deadbands	We did not set caps and collars in the draft determination	<p>Change for the final determination.</p> <p>As we explain in the 'Delivering outcomes for customers policy appendix', we consider that performance commitments that measure the percentage of void properties are uncertain and all companies should have caps and collars. We also explain how we set the level of caps and collars and adjust the estimate of P10 and P90 performance levels.</p>	<p>We set caps levels to:</p> <p>2020-21 = 1.89 2021-22 = 1.77 2022-23 = 1.72 2023-24 = 1.66 2024-25 = 1.60</p> <p>Units: Percentage household properties classified as voids</p> <p>We set collars levels to:</p> <p>2020-21 = 2.89 2021-22 = 2.77 2022-23 = 2.72 2023-24 = 2.70 2024-25 = 2.70</p> <p>Units: Percentage household properties classified as voids</p>
<p>Per capita consumption (PCC)</p> <p>PR19AFW_R-B1</p>	Price control allocation	We did not intervene at draft determination.	<p>Change for the final determination.</p> <p>The company does not submit a representation on its price allocation on this performance commitment in its OC.2 table submission. We queried the company, on its price allocation for this performance commitment.</p> <p>The company confirms that its per capita consumption performance commitment should be allocated to its wholesale price control. It states the allocation should be split 70% to the Water Network Plus price control and 30% to the Water Resources price control.</p> <p>We change the price allocation for this performance commitment to the company's proposal.</p>	We change the price allocation of this performance commitment. This performance commitment is allocated 70% to the Water Network Plus price control and 30% to the Water Resources price control.
<p>Per capita consumption (PCC)</p> <p>PR19AFW_R-B1</p>	Caps, collars and deadbands	<p>At draft determination we set caps levels to:</p> <p>2020-21 = 3.8% 2021-22 = 6.9% 2022-23 = 9.3% 2023-24 = 11.9% 2024-25 = 14.5%</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the collar for this performance commitment. The levels for the outperformance cap are based on estimates of the P90 performance. This has changed slightly and so we revise the cap. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p>	<p>We set caps levels to:</p> <p>2020-21 = 3.7 2021-22 = 6.9 2022-23 = 9.3 2023-24 = 12.0 2024-25 = 14.5</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>Units: % reduction from 3 years average baseline</p> <p>Further, at draft determination we set collars levels to:</p> <p>2020-21 = -8.1%</p> <p>2021-22 = -8.1%</p> <p>2022-23 = -8.1%</p> <p>2023-24 = -8.1%</p> <p>2024-25 = -8.1%</p> <p>Units: % reduction from 3 years average baseline</p>		<p>Units: % reduction from 3 years average baseline</p> <p>We do not change collar levels.</p>
<p>Properties at risk of receiving low pressure PR19AFW_W-D5b</p>	<p>Caps, collars and deadbands</p>	<p>We did not set caps and collars in the draft determination</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the collar for this performance commitment. We explain in the 'Delivering outcomes for customers policy appendix' that we apply caps and collars for uncertain performance commitments. We consider that the volatility of performance in the past suggests that this performance commitment is uncertain and we are setting the collar at 3 times the 2020-21 performance commitment level for this company, in line with our standard policy. In this case the collars are also the levels for the estimate of P10 performance.</p>	<p>We are setting collar levels to:</p> <p>2020-21 = 4.935</p> <p>2021-22 = 4.935</p> <p>2022-23 = 4.935</p> <p>2023-24 = 4.935</p> <p>2024-25 = 4.935</p> <p>Units: properties at risk of receiving low pressure</p>
<p>Priority services for customers in vulnerable circumstances PR19AFW_R-N3</p>	<p>Performance commitment level</p>	<p>Our intervention at draft determination was to change the definition of the performance commitment by splitting the measure into 'attempted' (i.e. an outbound contact that has not received a response) and 'actual' contacts (i.e. updates to data based on contact with the customer).</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the performance commitment level. However, we receive a number of representations from companies and other stakeholders. Based on the compelling evidence set out in these representations, we revise the performance commitment levels for the actual contacts element of the performance commitment.</p>	<p>The following is a sector-wide change to the final determination.</p> <p>We revise the performance commitment levels for the actual contacts to:</p> <p>2020-21 = 17.5</p> <p>2021-22 = 35.0</p> <p>2022-23 = 35.0</p> <p>2023-24 = 35.0</p> <p>2024-25 = 35.0</p> <p>Units: Percentage of priority services customers that the company has made actual contact with</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
River restoration PR19AFW_W-B3	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in ‘Delivering outcomes for customers policy appendix’.</p> <p>To estimate P10 performance levels in this case, we use the performance commitment levels set at final determination. We take this approach because this performance commitment reflects delivery of a planned scheme, and we consider that the experience in the water industry is that planned schemes are delivered in most cases. It would be a scenario that would occur in less than 10% of cases that the company would not deliver this performance commitment.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 7 2021-22 = 14 2022-23 = 21 2023-24 = 28 2024-25 = 36</p> <p>Units: The number of morphological project units to zero decimal places</p>
Environmental innovation - delivery of community projects PR19AFW_W-B2	P90 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in ‘Delivering outcomes for customers policy appendix’.</p> <p>To estimate P90 performance levels in this case, we use the company’s 2024-25 P90 performance levels that it proposed in its representations (table OC1, August 2019). We take this approach because we do not consider that applying our standard approach, which involves adjusting the P90 performance levels proposed in the business plan submission for changes in performance commitment levels through to final determination, leads to P90 performance levels which are credible for an efficient company.</p>	<p>We estimate P90 performance levels as:</p> <p>2021-22 = 2 2021-22 = 8 2022-23 = 4 2023-24 = 0 2024-25 = 0</p> <p>Units: Number of community project units completed to zero decimal places</p>
Abstraction reduction PR19AFW_W-B4	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in ‘Delivering outcomes for customers policy appendix’.</p> <p>Our standard approach leads to negative P10 performance levels, which is not feasible for this performance commitment and so we have limited to 0.</p>	<p>We estimate P10 performance levels as:</p> <p>2021-22 = 0.00 2021-22 = 0.00 2022-23 = 0.00 2023-24 = 0.00 2024-25 = 0.00</p> <p>Units: Megalitres per day (MI/d) of deployable output to two decimal places.</p>

Ofwat (The Water Services Regulation Authority) is a non-ministerial government department. We regulate the water sector in England and Wales.

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