December 2019

PR19 final determinations

Bristol Water – Delivering outcomes for customers final decisions

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PR19 final determinations: Bristol 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 'PR19BRL' denotes Bristol Water.

For all other documents related to the Bristol 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: Bristol 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	The company states that our ODI rate draft determination interventions are not consistent with its customers' preferences. The company considers our calculations of ODI rates lack accuracy and transparency. The company claims its customer evidence and triangulation is innovative and states that it should not be ignored. The company states that our 'reasonable range' methodology does not take account of underlying variations in customer valuations, and states that ODI rates cannot be compared across companies in this manner. The company states that we have not explored the reasons for variations in valuations and have simply used comparisons to set the rates. The company disagrees with our premise that ODI rates should be expected to converge unless	No change for the final determination. We do not consider varying ODI rates to be inherently problematic. However, company research may be detailed but still yield valuations that differ from underlying customer preferences due to the research methodological approaches used – this is manifested in the range of ODI rates we observe proposed by companies, and the differences to 2015-20 rates based on similar research on the same customer base. Further, where the company has performance issues, or credible incentives to overstate/understate its rates, it can be appropriate for us to adjust proposed rates to ensure that the company has suitable incentives to be a good performer. As such, we use a range of tests as articulated in the 'Delivering outcomes for customers policy appendix'. We use reasonable ranges as companies' proposed ODI rates vary considerable, in ways we are unable to correlate to	N/A

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			convincing evidence is provided to show otherwise. It states that we should provide more evidence and logic to support this, rather than requesting companies to justify why their rates are different. It references reports by NERA and ICS on the robustness of its low customer valuations. It provides its views on the appropriate way to conduct and compare willingness to pay research. The company states that increasing incentives rates is not a valid response to past delivery concerns, in the context of other changes in incentive design. It further states that using poor performance for a single performance commitment overlooks performance in the round, including customer views. The company has undertaken further customer engagement that it states shows that customers support its proposed balance of incentives, valuing water quality, leakage, supply interruptions and mains repairs most highly and meter penetration, developer experience, network resilience, per capita consumption and void properties least. It states 80% of its forum participants consider our draft determination underperformance incentives to be too high. The company also states that our interventions on performance commitments in isolation cause distortions in the balance of risk, as the incentives were all intended to be part of a whole package. The company states that the methodology for common performance commitments has changed throughout the price review. It states that our methodology has favoured prescription over local preferences which is contrary to the spirit of the methodology. The company states that our ratio of underperformance to outperformance of 1.2 has no particular rationale and not been consistently applied. It has not proposed an alternative value or methodology.	plausible drivers of underlying customer preferences. To mitigate the risk of methodological differences leading to ODI rates which depart significantly from underlying customer preferences, we use reasonable ranges in one of our assessment checks, on the premise that a range based around the sector average will reduce the influence of the unexplained variance. We consider that past performance is a relevant consideration when setting ODI rates. Companies with poor past performance can require stronger financial incentives than in previous periods, to ensure that it places due focus on improving performance in this specific area. Companies with poor past performance also have a stronger incentive to understate their underperformance ODI rates than other companies. As set out in the 'Delivering outcomes for customers policy appendix', we have carefully considered the balance of incentives and made changes in our final determinations where necessary to better balance incentives and risks across performance commitments. The 1.2 multiplier is based on our analysis of the relative sizes of the outperformance and underperformance rates proposed by companies. We have reviewed the company's representation and conclude that the evidence provided is not sufficient to change our approach for final determination. The company states that we should use multipliers specific to each performance commitment. We consider this would not be appropriate, because the reduced sample size, combined with the variable data quality, for each performance commitment would introduce a large degree of uncertainty and hence unexplainable (through underlying drivers of potential differences) variability to the multiplier. For further detail on our response to representations from the company and others regarding our ODI methodology, see the 'Delivering outcomes for customers policy appendix'.	

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Water supply interruptions PR19BRL_PC02	ODI rates	In our draft determination we increased the underperformance rate to -£0.123m per minute per property as a result of several concerns identified with the company's proposed rates. We also changed the outperformance rate to the underperformance rate divided by 1.2. This resulted in an outperformance rate of £0.095m per minute per property.	The company proposes an alternative underperformance rate of -£0.103m per minute per property, based on adjusting the marginal benefit and cost calculation to reflect the changes to its proposed performance commitment level. The company challenges our methodology of comparing ODI rates across companies (the reasonable range), who may use differing methodologies. It states it went further than other companies in testing multiple intervals of supply interruption with customers in its survey. It further states that is research shows 'the so-called low WTP value reflects general satisfaction with services and trust in Bristol Water as a small local water company, which provides an objective reason not to implement a standard 'reasonable range' approach to our incentives.' The company further states that its 2015-20 rate is irrelevant due to performance changes, and notes our previous concerns with its PR14 customer research. The company states it considers the draft determination underperformance rate to have a significant impact on its overall P10/P90 financial risk (return on regulated equity) range.	Change for the final determination. As set out in the 'Delivering outcomes for customers policy appendix' and in the assessment of the company's representation on our ODI rate methodology, we consider that the use of an industry reasonable range is an appropriate check and source of information where we have other concerns with a company's proposed ODI rates. We have concerns regarding both the company's triangulation methodology and the size of its proposed rate. However, we have considered the performance commitment package as a whole to consider whether the balance of incentives for particular performance commitments is appropriate at both an industry and company level. We are setting 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 the 'Delivering outcomes for customers policy appendix'.	In line with our industry wide intervention on this performance commitment we change the underperformance payment rate to -£0.095m per minute per property.
Water supply interruptions PR19BRL_PC02	Caps, collars and deadbands	Our intervention at draft determination was to set collars at the following levels: 2020-21 = 00:21:36 2021-22 = 00:21:36 2022-23 = 00:21:36 2023-24 = 00:21:36 2024-25 = 00:21:36 Unit = Hours:minutes:seconds (HH:MM:SS) per property per year	The company accepts the cap level but is proposing an alternative collar of 14:36 (minutes:seconds) that is based on an average of the three of the last four years. It considers that the draft determination collar would lead to unacceptable total risk. It considers that respondents in its phase 6 research were clearly supportive of a collar in principle for supply interruptions.	Change for the final determination. The company exceeded the collar it proposed in three out the last four years and consequently we do not consider it is an appropriate level for a collar. We are setting a collar for this performance commitment which is in line with customer views. We explain in the 'Delivering outcomes for customers policy appendix' how we set the level of caps and collars in the final determination. Bristol Water's collar levels have changed because of the change in performance commitment levels and also the change in the multiplier. Our normal approach when setting caps is to do this at the estimate of P90 performance. We generally adjust the estimates that companies provided in their business plans by any changes	We set the underperformance collar to the following level: 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 Unit = Hours:minutes:seconds (HH:MM:SS) per property per year

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		We intervened to set caps at the following levels: 2020-21 = 00:02:62 2021-22 = 00:02:33 2022-23 = 00:01:30 2023-24 = 00:01:30 2024-25 = 00:01:30 Unit = Hours:minutes:seconds (HH:MM:SS) per property per year		in the service levels. Bristol Water had originally proposed service levels that reduced to 3 mins by 2024-25 performance commitment level, and outperformance caps that reduced to 1 minute by 2024-25, but a P90 that reduced to 1.5 minutes by 2024-25. If we increased this in consequence of our change in service level, that is the increase by 2024-25 from 3 minutes to 5 minutes, the 2024-25 cap would increase to 3.5 minutes, which would be more pessimistic than most other companies. In this case we keep the caps as at the draft determination.	
Leakage PR19BRL_PC18	Performance commitment level	No intervention at draft determination.	The company has revised its 2019-20 forecast from 43.0 to 41.1 Ml/d but retains the 15.1% reduction from 2019-20 on its performance commitment level in its draft determination. The revision of the 2019-20 baseline is due to the 2018-19 actual (as well as the 2017-18 actual) leakage performance now being based on the revised plumbing losses assumption.	Change for the final determination. We consider the company's performance commitment levels appropriately stretching, however the revision of the 2019-20 forecast causes misalignment with our funding approach. This is because the company is receiving funding for 6.5 Ml/d reduction on annual basis, which is not achieved with the revised profile. The company provides its exact Ml/d values for each year (in its September 2019 query response) aggregating to the volumetric reduction of 6.5 Ml/d which equates to the enhancement funding we are granting. We align our outcomes approach fully with our funding approach and we use the profile based on the query in setting the performance commitment levels. We consider that the performance commitment levels should be aligned with our funding approach, as such we change the performance commitment levels for final determination. On an annual basis it results in a reduction of 17.0% from 2019-20 level of 38.3 Ml/d. When converted into three-year averages it results in a reduction of 21.2%.	We set the performance commitment levels to the following values: 2020-21= 6.1% 2021-22= 11.4% 2022-23= 15.8% 2023-24= 19.0% 2024-25= 21.2% Unit = Percentage reduction from 2019-20 baseline using 3 year average (%)
Leakage PR19BRL_PC18	ODI rates	We intervened at draft determination to set the tier 2 underperformance rate and standard outperformance payment rates of -£0.191 million and £0.163 million per megalitres per day, respectively.	The company states that it accepts our Tier 2 underperformance and outperformance rates, but proposes a new Tier 1 underperformance rate to reflect its view of enhanced leakage costs and corrected calculation. It states that, following its query, we confirmed that underperformance payment (tier 1 - standard) quoted as -£3.117m was 'an error which will be	Change for the final determination. The new customer evidence the company refers to does not directly relate to leakage ODI rates, and the company has not made a representation to change the Tier 2 underperformance and outperformance rate. We assess the new customer evidence, and consider that it is not sufficient to change our view of the standard outperformance and underperformance ODI rates for this performance commitment. The company did not	We change the tier 1 underperformance rate to take account of revised enhancement funding allowances. We are changing the rate to -£0.064m/Mld. The rate will apply between the company's performance commitment level each year and a performance

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		We also made a cost allowance for the company to improve its performance on this measure. To protect customers we set an additional underperformance payment rate to return funding to customers. The tier 1 underperformance rate was set at -£3.117m per Mld.	addressed in our final determination. The correct tiered leakage ODI underperformance rate is -£0.510 million per unit.' The company notes it was not able to reconcile the rate and says we have not been transparent with our calculations. The company provides an updated incentive rate, based on its assumptions of higher enhancement costs. The company reports that new customer evidence it has conducted finds that leakage remains a key priority for customers, and in a forum discussion customers did not agree with our view to lower the financial incentives around leakage as they were concerned that this would prevent the company from focusing on this area and striving to do better. The company states that for customer facing ODIs the assumption of a 1.2 ratio from underperformance to outperformance rates on average for customer facing ODIs has no particular rationale. The company notes that we did not agree with tiered rates in its original business plan based on inconsistency with the PR19 methodology, but now impose them for leakage.	sufficiently educate the consumer in relation to leakage and therefore did not allow them to make an informed decision about the relative performance of the company and the scope of improvement possible. We discuss the use of the 1.2 ratio for underperformance to outperformance ODI rates in the 'Delivering outcomes for customers policy appendix'. In its September 2018 business plan, the company proposes two-tiered rates to reflect different customer willingness to pay for different service levels. However, the use of two-tiered rates in order to recover unused enhancement funding is a separate issue; the two rates reflect different costs rather than different willingness to pay. We recalculate the company's Tier 1 rate to reflect changes to the funding allowance and performance commitment levels. The Tier 1 rate is -£0.064m/Ml/d and is calculated in line with our approach for 'cost recovery ODIs for common performance commitments' set out in the 'Delivering outcomes for customers policy appendix'. It does not include an element of foregone marginal benefit as we are extending the company's performance commitment level beyond that which it proposed, and because the company is already performing above the upper quartile.	level of 0% reduction from the 2019-20 baseline.
Leakage PR19BRL_PC18	Caps, collars and deadbands.	Our intervention at draft determination was to set collars at the following levels: 2020-21 = - 5.0% 2021-22 = - 5.0% 2022-23 = - 5.0% 2023-24 = - 5.0% 2024-25 = - 5.0% Units: Percentage reduction from 2019-20 baseline using 3 year average (%) We intervened to set caps at the following levels:	The company propose an increased outperformance cap to reflect its leading performance in the industry and also it customers' priorities for both leakage and the balance of incentives. The company states that its leakage outperformance opportunity is reduced perversely, as a result of the draft determination cap level of 15.6%. The company states this appears to be an industry standard policy without any justification and that this industry cap ignores the innovative techniques and frontier-leading levels of service that it is offering to its customers.	Change for the final determination. The issue has arisen because the company estimates a very pessimistic P90 performance level, which indicates it thinks that in most circumstances it will not deliver outperformance. It suggests 'The P90 level reflects hitting a leakage target of 34Ml/d which reflects our long term current minimum achievable level before further innovation is applied. A small glidepath reflects the three year average and is 15.8% reduction in 2021-22 and 17.3% reduction thereafter.' Whereas 'For leakage we propose an increased cap on outperformance to that proposed by Ofwat, to reflect our leading performance in the industry. This reflects our customers'	We set the outperformance cap to the following level: 2020-21 = 14.8% 2021-22 = 18.5% 2022-23 = 22.1% 2023-24 = 25.8% 2024-25 = 29.4% Units: Percentage reduction from 2019-20 baseline using 3 year average (%)

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		2020-21 = 11.6% 2021-22 = 11.6% 2022-23 = 11.6% 2023-24 = 13.3% 2024-25 = 15.6% Units: Percentage reduction from 2019-20 baseline using 3 year average (%)	The company states that it should retain its original leakage cap of 34% and proposes applying a phased reduction to this level smoothly over 2020-25, in order to protect customers. The company states that leakage remains a key priority for customers.	priorities for both leakage and the balance of incentives.' And 'This industry cap ignores the innovative techniques and frontier-leading levels of service that Bristol Water is offering to its customers'. The cap Bristol Water proposes by 2024-25 is a 34% reduction. The P90 performance estimate it provides is clearly not the performance that the company considers it can achieve. We therefore revise the P90 estimate to reflect the cap that the company proposes. We also set the cap and the P90 at 34% reduction. This is 29Ml/d by 2024-25 as opposed to the current 43.5Ml/d.	
Per Capita Consumption (PCC) PR19BRL_PC19	Performance commitment levels	In our draft determination we increased the company's percentage reduction to 6.3%. The values in each year were: 2020-21 = 1.3% 2021-22 = 2.6% 2022-23 = 3.9% 2023-24 = 5.1% 2024-25 = 6.3% Unit = Percentage reduction from 2019-20 baseline using 3 year average (%)	The company confirms that it has adopted the draft determination levels. However, the company provides revised absolute performance levels which supersedes the previous submission. It revises its forecast for all years between 2019-20 and 2024-25; the revised 2019-20 forecast is higher (worse) than its April 2019 forecast and the accepted reduction results in PCC level of 140.3 l/p/d in 2024-25. The company states it is not clear how the water resource challenges, level of ambition and meter penetration factors (such as DEFRA's policy on compulsory metering which differs across regions) have been considered. However, it considers that our proposed performance commitment level is a marginal reduction compared to the 5% in its plan which it can therefore manage, but only if its responses on outcomes are accepted in the round.	No change for the final determination. We acknowledge the revised absolute performance level in advance of final actual performance data in 2019-20, to which the performance commitment levels will apply. We note the company's response on the performance commitment level percentage reduction, which we are not changing.	N/A
Per Capita Consumption (PCC) PR19BRL_PC19	ODI rates	At draft determination we intervened to set the outperformance rate to £0.055m per litre per person per day based on triangulating between industry and company data. We also intervened to set the underperformance rate at 1.2x the outperformance rate, at -£0.066m per litre per person per day.	The company proposes revised incentive rates, based on its rejection of our overall approach to comparing rates across companies. The company states that the impact of accepting the draft determination rates results in incentive rates outside of a reasonable range of P10 risk. It states that we challenge its marginal rate calculation, but have not set it to the minimum range or published	Change for the final determination. Whilst we acknowledge there is an overlap between metering and per capita consumption, the company's reduction to account for the overlap with its bespoke metering performance commitment is no longer necessary, as we are changing our approach to calculating the incentive rates for metering. We treat the metering performance commitment as a scheme performance commitment and calculating the ODI rates based on the unit cost of the scheme, on a cost recovery basis. The incentive rates will therefore not reflect customer willingness to	We change the company's ODI rates for final determination. This results in an outperformance rate of £0.056m per l/p/d and an underperformance rate of -£0.067m per l/p/d.

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			the comparative data necessary. It states that per capita consumption is not a priority for customers. The company states that it provided sufficient evidence on its original rate, including the whole calculation spreadsheet, and reflects that the bulk of water efficiency savings proposed form 95% of per capita consumption changes and are therefore captured in that rate. It also reflects that meter penetration is only forecast to rise to 75%, not 100%. The company notes that Hafren Dyfrdwy, South Staffs Water and Portsmouth Water all have lower underperformance rates compared to Bristol Water's rate at the draft determination. The company sets out new customer evidence that it states shows forum participants felt the underperformance payments for the worst performing year are too high, as performance is largely outside of Bristol Water control and too many external factors could influence this. The company proposes revising the rates, with underperformance reflecting the lower quartile comparative rate, and outperformance set using the 1.2x formula.	pay. We therefore maintain that the company should not apply a 75% reduction to its triangulated willingness to pay values for per capita consumption, but instead consider that these incentive rates should reflect the full customer willingness to pay (that is, 100%). The fact that three companies have lower underperformance rates than the company is not sufficient evidence to change our view of the company's draft determination rates. The company does not set out why it should have lower underperformance rates than these three companies. There is some evidence that customers place low priority on this measure (it is ranked 18 out of 22 in a survey conducted by the company). The company's Customer forum research also shows that customers felt the underperformance payment for the worst performing year was 'too harsh'. However, this evidence does not provide sufficient information to enable the company to set the actual incentive rate, and we have retained the company's marginal benefit data obtained through its willingness to pay research. We set out in the draft determination the data points we used to triangulate the ODI rates for this performance commitment – the industry average, the company's proposed rate, and the rate implied by the company's evidence after removing the un-evidenced adjustment for metering overlap. We re-examine the company's calculation spreadsheets and have identified how the triangulated willingness to pay values relate to the final marginal benefit rates. We therefore consider it most appropriate to set the outperformance rate at the level implied by the company's willingness to pay value unadjusted for the metering overlap, and set the underperformance rate at a multiple of 1.2 according to our standard methodology. As we no longer have any other concerns with the company's approach to calculating its marginal benefit, we do not consider it appropriate to triangulate with other values. We set the outperformance ODI rate using the company's unadjusted marginal benefit value, and setting the underperformance rate at a multiple of 1.2 times the outperformance.	

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Per Capita Consumption (PCC) PR19BRL_PC19	Caps, collars and deadbands	No intervention at draft determination.	The company changes its cap and collar levels in its submitted OC2 table as follows: Collar = 162.6 litres per person for all years. Cap= 134.9 litres per person for all years.	Change to the final determination. The company changes its cap and collar levels in its submitted OC2 table, however the company makes no further representation on these values. We consider that the company does not provide sufficient or convincing evidence to support its proposed OC2 values, therefore we do not make a change to the final determination as a result of the representation. The levels for the outperformance cap are based on estimates of the P90 performance Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix', which has led to changes in our estimate and hence the caps. We note that these levels are very similar to those proposed by the company, on a litres per person per day basis.	We set cap levels to: 2020-21 = 9.7 2021-22 = 10.1 2022-23 = 10.4 2023-24 = 10.7 2024-25 = 11.0 Units: Percentage (%) reduction from 2019-20 baseline
Mains Repairs PR19BRL_PC03	Performance commitment levels	The intervention we made at draft determination was to set the forecast service levels to the following values: 2020-21 = 121.7 2021-22 = 121.7 2022-23 = 121.7 2023-24 = 121.7 2024-25 = 121.7 Unit: Mains repairs per 1,000 km of main.	The company proposes new performance commitment levels compared to those set in its draft determination. Its proposed profile is 133 (mains repairs per 1,000km of main) in all years. The company states our approach was not fully outlined in the PR19 methodology. Furthermore, the company states the same approach was cited for all asset health metrics and as the company's proposed performance commitment levels for the other metrics were considered stretching, it is puzzling why mains repairs required our intervention at draft determination. The company states that differing company networks and circumstances are likely to cause differences in company performance in our comparative analysis. The company states that using the average of the three best historic years does not take into account that this level of performance was artificially low for it, and that this approach also understates the importance of the weather. It also states that if extreme weather is more likely in the future, then either more investment is needed to reduce risk or	Change for the final determination. In the PR19 methodology we said "we are not differentiating asset health common performance commitments from the others, in terms of the approach to setting performance levels". This statement shows the intention to assess performance commitment levels for asset health measures in the same way as other measures e.g. comparative analysis. Based on comparative analysis, the company's performance for mains repairs is worse than the 'good' level therefore required an intervention at the draft determination. This approach is set out in the 'Delivering outcomes for customers policy appendix'. The company provides a monthly breakdown of repairs for each year between 2012-13 and 2018-19, which shows that repairs are typically at their lowest around April and gradually increase to reach a peak around December-January. The company does not provide convincing evidence on a detailed regional level, but provides reasonable evidence to demonstrate a correlation between mains repairs and weather. We consider that weather can impact in both negative and positive ways. We use a full historical dataset to determine the 'good' level, therefore different weather conditions were included in our analysis. However, we have considered our approach to using the best three historic years to base our intervention on. We amend the base levels of mains repairs (before the leakage allowance is added) to an average of the best five years performance. We	We revise the performance commitment levels to the following values: 2020-21 = 138.4 2021-22 = 136.5 2022-23 = 134.6 2023-24 = 132.7 2024-25 = 130.7 Units: Mains repairs per 1,000km of main.

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			stable service is maintained whilst targeting performance on customer facing service attributes. The company also states that it has one of the oldest water networks in England and Wales.	now consider the use of best five historical years to set the forward looking base level provides a more representative performance level (than three years) and incentivises companies maintain good performance to improve the overall health of the assets over the longer-term. Whilst the company may have one of the oldest networks, this factor is not relevant to the setting of the performance levels, as these are based on its own historical performance (now the best 5 years). We also 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. Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.	
Mains Repairs PR19BRL_PC03	ODI rates	At draft determination we intervened to increase the company's underperformance ODI rate to the industry average of -£0.041m due to past performance issues and insufficient rationale explaining why its rate was below the reasonable range.	The company states that it adopts our intervention on its ODI rate despite having customer willingness to pay, which was suitably triangulated and having set rates above the willingness to pay values, in line with the PR19 methodology. The company sets out that new customer evidence shows forum participants recognised the importance of mains bursts and considered it a priority area. However most felt that our view on the underperformance payment was disproportionately high and were concerned on the impact this would have on wider issues such as future investment, traffic and leakage.	No change for the final determination. We assess both the quality of the customer research and the extent to which the research leads to the conclusion that most customers felt that the draft determination implications for potential underperformance payments was disproportionate. Our view of the customer engagement evidence was that it was mixed and unclear. We are concerned that the phrasing of the question 'Do you agree with Ofwat's view that mains burst should incur a significantly large penalty? Is it as important as supply interruptions, water quality and leakage?' is leading and the subsequent discussion is focused on ranking mains bursts with the listed performance commitments and customers were not informed why the underperformance incentive would significantly outweigh the outperformance incentive. The company does not provide sufficient evidence to change our draft determination ODI underperformance rate on this performance commitment.	N/A
Mains Repairs PR19BRL_PC03	Caps, collars and deadbands.	Our intervention at draft determination was to set collars at the following levels:	The company states that deadbands had strong customer support due to the impact of weather. However it accepts the removal of the	Change required for the final determination.	We set underperformance collars to the following levels:

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		2020-21 = 146.0 2021-22 = 150.2 2022-23 = 154.4 2023-24 = 158.6 2024-25 = 162.8 Units: Mains repairs per 1,000km of mains	underperformance deadband in return for a collar to manage risk.	As we explain in the 'Delivering outcomes for customers policy appendix' we have continued our approach to setting underperformance collars, but we have changed the multiplier that we use to set collars for the mains repairs common performance commitment. We have removed the intervention we made at draft determinations to reduce downside risk as we now consider the company risk profile is similar to other companies due to the overall changes from draft determinations to final determinations. We have applied the collars for the company in the same way as for other companies.	2020-21 = 193.8 2021-22 = 193.8 2022-23 = 193.8 2023-24 = 193.8 2024-25 = 193.8 Units: Mains repairs per 1,000km of mains
Risk of severe restrictions in a drought PR19BRL_PC05	Performance commitment levels	The intervention we made at draft determination was to reduce the risk to customers in 2024-25 to zero. We also set a sector wide action: The company should provide a full set of intermediate calculations (at a zonal level), for the underlying risk calculation (both baseline levels and performance commitment). 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 The company should confirm which programmes of work will impact its risk profile forecasts.	The company proposes new performance commitment levels at: 2020-21 = 38.00 2021-22 = 29.80 2022-23 = 29.80 2023-24 = 29.80 2024-25 = 25.60 Units: Percentage of customer population at risk (%) The company disagrees that the evidence it provided in its April 2019 revised business plan was low quality, stating that the guidance changed late in the process and the company tested this specifically with independent technical assurers because of this uncertainty. The company states that the intervention to the service level at 2024-25 is odd because our policy suggests that an intervention to the longer-term forecasts, rather than the PR19 service levels, would be consistent. However, as a result of the intervention the company re-assesses the supply demand balance for each year of the planning period accounting for the gradual implementation of options over time. By applying this new approach, it means that the performance commitment should be changed slightly to show a decreasing risk, as the company starts to implement its options over the 2020-25 period (such as Active Leakage Control).	Change for the final determination. The proposed new profile for the company considers the implementation of the company's Water Resources Management Plan options, such as Active Leakage Control, which we consider to meet our expectations of a reducing risk profile for customers as schemes get implemented. We assess that the new intermediate calculations provided by the company, indicating that there is customer risk across the last 10 years of the 25 year period (thus giving the one water resource zone 100% annual risk for those years), is consistent with its Water Resources Management Plan and the outline of annual scheme delivery is appropriate to mitigate future risk. The company states that our policy suggests an intervention to longer-term forecasts, rather than the 2020-25 period. We acknowledge that this performance commitment is forward looking, because of this, we consider that the declining profile is both consistent with the company's water resources management plan and meets the long term resilience needs. We assess that reduction to zero risk by 2040 is appropriate for the company. We consider that the company has proposed sufficient and convincing evidence to revise the performance commitment level, as the new evidence the company provides confirms alignment with its Water Resources Management Plan, shows improvement by 2030 and shows the company has now calculated risk as expected.	We revise the performance commitment levels to the following values: 2020-21 = 38.00 2021-22 = 29.80 2022-23 = 29.80 2023-24 = 29.80 2024-25 = 25.60 Units: Percentage of customer population at risk (%)

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Customer contacts about water quality – appearance PR19BRL_PC06	ODI rate	At draft determination, we intervened to set the underperformance payment rate to -£0.935m, and the outperformance payment rate to £0.779m per contact per 1,000 population.	The company states that it rejects our view that consideration of other companies' valuations is a valid part of producing a triangulated valuation. It has reviewed and revised its willingness to pay and marginal costs. It has revised its underperformance rates from -£97 per contact to -£130 per contact; and outperformance rates from £58 per contact (as per its April 2019 revised business plan) to £115 per contact. The company also notes that in response to a query we said 'there is an error in the published ODI rates for this performance commitment…The correct un-normalised underperformance and outperformance rates for this performance commitment are -£0.458 million and £0.523 million per contact per 1,000 population, respectively'. However the company states it has no audit trail to check these adjustments. The company sets out its calculation approach. If it takes the willingness to pay of £2.30 for each property affected, with a revenue cost of £1.84 (annual cost per interruption improved of £15.3m capex and £4.5m opex across 5 years), this produces an underperformance rate of -£0.130m per contact per 1000 properties and an outperformance rate of £0.115m.	Change for the final determination. There was an error in the actions and interventions tracker, where we provided the incorrect rate. We clarified the correct calculation in response to a query from the company - we set the rates at the lower bound of the industry reasonable range normalised by households. The company's revised calculation of its incentive rates in its representation does not take into account the measurement units of the performance commitments (£m per contacts per 1,000 population). It instead expresses its ODI rates as £m per contacts per 1,000 properties. The company has multiplied the per contact willingness to pay by 1,000 to reflect willingness to pay for contacts across 1,000 properties; however, this is not the same as scaling the number of contacts by 1,000 population. As performance will be measured as contacts per 1,000 population, it is important that the ODI rate units are the same. The company provides additional detail on how it has revised its rate, although we have concerns about units used by the company in its calculation, we no longer have an issue with the underlying calculation. We therefore use the same willingness to pay figures for this performance commitment as submitted by the company in its April 2019 revised business plan C3 document (£230 per incident per property (i.e. contact)) to recalculate the outperformance rate expressed in the correct units. Given the uncertainty regarding the marginal cost values submitted by the company (which may also have been affected by the inappropriate per-person scaling used in its September 2018 and April 2019 business plans), we set the underperformance rate at outperformance multiplied by 1.2.	We change the underperformance payment rate to -£0.175m and the outperformance payment rate to £0.146m per contact per 1,000 population.
Customer contacts about water quality – appearance PR19BRL_PC06	Caps, collars and deadbands	Our intervention at draft determination was to set collars at the following levels: 2020-21 = 1.66 2021-22 = 1.66 2022-23 = 1.66 2023-24 = 1.66 2024-25 = 1.66	The company proposes that its cap and collar levels should revert to the levels proposed in its revised business plan, which are as follows: Collar levels: 2020-21 = 2.00 2021-22 = 2.00 2022-23 = 2.00 2023-24 = 2.00	Change required for final determination. We respond to the company's points in the 'Delivering outcomes for customers policy appendix'. We continue our approach to setting outperformance caps and underperformance collars and have not changed the level of the collars. The levels for the outperformance cap are based on estimates of the P90 performance, which has changed. Our approach to	We set cap levels to: 2020-21 = 0.44 2021-22 = 0.39 2022-23 = 0.33 2023-24 = 0.30 2024-25 = 0.29 We do not change the collar levels.

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		Units: Number of contacts per 1,000 people We intervene to set caps at the following levels: 2020-21 = 0.44 2021-22 = 0.38 2022-23 = 0.32 2023-24 = 0.32 2024-25 = 0.32 Units: Number of contacts per 1,000 people	2024-25 = 2.00 Units: Number of contacts per 1,000 people Cap levels: 2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 0 2024-25 = 0 Units: Number of contacts per 1,000 people The company states that while the collar has been set using our standard methodology (and explained in the Ofwat webinar), it can find no justification for this approach, other than there being a unilateral top-down decision that companies were not made aware of until the draft determination. It states that the design of the ODI package should offer reasonable scope for reward, without creating unreasonable financial risk. Bristol Water states that the package it proposed in its revised business plan in response to our initial assessment of plans (IAP) for this performance commitment was reasonable and one which would achieve this objective.	adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and draft determination. We then conduct reasonable range analysis on the ratio of P90 performance levels to performance commitment levels set at draft determination, and we determine that the P90 performance level is outside the reasonable range. We therefore increase the stretch of the P90 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean.	Units: Number of consumer contacts per 1,000 population
Customer contacts about water quality – taste and smell PR19BRL_PC07	ODI rates	At draft determination, we intervened to set the underperformance payment rate to -£0.935m, and the outperformance rate to £0.779m per contact per 1,000 population.	The company rejects our interventions for the same reasons as its appearance performance commitment (PR19BRL_PC06). It proposes to revise the underperformance rate to the unadjusted triangulated rate (at -£0.220m instead of -£0.157m per contact per 1000 population in its revised plan); and revise outperformance rates (to £0.168m per contact (instead of £0.057m per contact per 1000 population in its revised plan).	Change for the final determination. We apply the same rationale for changing the company's taste and smell performance commitment as we do for its appearance performance commitment above, using the same willingness to pay figures for this performance commitment as submitted by the company in its April 2019 revised business plan C3 document (£336 per incident per property (i.e. contact)).	We change the underperformance payment rate to -£0.256m and the outperformance payment rate to £0.213m per contact per 1,000 population.
Customer contacts about water quality – taste and smell PR19BRL_PC07	Caps, collars and deadbands	Our intervention at draft determinations was to set collars at the following levels: 2020-21 = 0.8 2021-22 = 0.8	The company proposes that its cap and collar should revert to the levels proposed in its revised business plan, which are as follows: Collar levels:	Change for the final determination. We respond to the company's points in the 'Delivering outcomes for customers policy appendix'. We continue our approach to setting outperformance caps and underperformance collars.	We set cap levels to: 2020-21 = 0.21 2021-22 = 0.19 2022-23 = 0.17 2023-24 = 0.16

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
		2022-23 = 0.8 2023-24 = 0.8 2024-25 = 0.8 Units: Number of contacts per 1,000 people. We intervene to set cap at the following levels: 2020-21 = 0.21 2021-22 = 0.19 2022-23 = 0.16 2023-24 = 0.14 2024-25 = 0.14 Units: Number of contacts per 1,000 people.	2020-21 = 0.8 2021-22 = 0.8 2022-23 = 0.8 2023-24 = 0.8 2024-25 = 0.8 Units: Number of contacts per 1,000 people Cap levels: 2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 0 2024-25 = 0 Units: Number of contacts per 1,000 people The company states that while the collar has been set using our standard methodology (and explained in the Ofwat webinar), it can find no justification for this approach, other than there being a unilateral top-down decision that companies were not made aware of until the draft determination. It argues that the design of the ODI package should offer reasonable scope for reward, without creating unreasonable financial risk. Bristol Water states that the package it proposed in its revised business plan in response to our initial assessment of plans (IAP) for this performance commitment was reasonable and one which would achieve this objective.	The levels for the outperformance cap are based on estimates of the P90 performance, which has changed. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and draft determination. We then conduct reasonable range analysis on the ratio of P90 performance levels to performance commitment levels set at draft determination, and we determine that the P90 performance level is outside the reasonable range. We therefore increase the stretch of the P90 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean.	2024-25 = 0.16 We do not change the collar levels. Units: Number of consumer contacts per 1,000 population
Properties at risk of receiving low pressure PR19BRL_PC08	Caps, collars and deadbands P90 performance levels	We are intervening to set collars at the following levels: 2020-21 = 650 2021-22 = 650 2022-23 = 650 2023-24 = 650 2024-25 = 650	The company accepts the cap level but proposes an alternative level for the collar, as follows: 2020-21 = 130 2021-22 = 130 2022-23 = 130 2023-24 = 130 2024-25 = 130	Change for the final determination. We respond to the company points in the 'Delivering outcomes for customers policy appendix'. We continue our approach to setting outperformance caps and underperformance collars, but use 3 x 2020-21 performance level to set the collar. The company's collar levels have changed because of the change in the multiplier. The levels for the outperformance cap are based on estimates of the P90 performance, which has changed. Our approach to	We set the underperformance collar to the following level: 2020-21 = 195 2021-22 = 195 2022-23 = 195 2023-24 = 195 2024-25 = 195 We set cap levels to:

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		Units: Number of properties We are intervening to set cap at the following levels: 2020-21 = 9 2021-22 = 8 2022-23 = 8 2023-24 = 8 2024-25 = 7 Units: Number of properties	Units: Number of properties The company states that the draft determination collar results in an unrealistic level of risk. It considers that we have not provided a justification other than setting at 10 x 2020-21 performance level. It suggests using 2 x 2020-21 performance level which gives 130.	adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and draft determination. We then conduct reasonable range analysis on the ratio of P90 performance levels to performance commitment levels set at draft determination, and we determine that the P90 performance level is outside the reasonable range. We therefore increase the stretch of the P90 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean.	2020-21 = 17 2021-22 = 15 2022-23 = 13 2023-24 = 11 2024-25 = 10 Units: Number of properties
Meter penetration PR19BRL_PC20	ODI rates	At draft determination we intervened to set the underperformance payment rate equal to the company's 2015-20 rate given the company's poor performance in the 2015-20 period. This is equivalent to -£0.043 million in 2017-18 prices.	The company states that the underperformance rate applied to this performance commitment, based on the 2015-20 rate is not justified. It states that our justification of using the 2015-20 rate due to poor performance is a moot point, as the ODI rate is not consistent with its customer valuations and evidence. The company states that there have been significant improvements in the company's ODI rate valuation methodology since the PR14 process which we have not taken into account. The company notes that new customer research highlights that customers were clearly not supportive of strong financial incentives for this measure. In particular, the research illustrates that for meter penetration most consumers thought this was not an important measure (56%) or only needed minor incentives (10%). Further, the company states that we also include a rate of £0.043m per 1% meter penetration, when the 2015-20 period rate was £0.038m. It acknowledges this is due to inflation, but states this is not consistent with inflation or changes in willingness to pay rates because bills are falling in real terms. The company acknowledges its poor performance in the 2015-20 period and provides some evidence as to why it will meet the performance commitment levels set in its revised business plans (75% in 2024-25). In particular, the company states that for the 2020-25 period it has developed improved	Change for the final determination. At draft determination we did not have confidence it will deliver its service levels in 2020-25. The company provides some evidence on why it will meet the performance commitment levels proposed in its revised business plans. We consider that the company provides sufficient evidence on the deliverability of the program although we still consider the performance commitment level very stretching. Therefore, we still consider that customers should be protected should the company not deliver its performance commitments. Overlap with per capita consumption: We note that there is a significant overlap between metering and per capita consumption. For example, if the company performs well on metering it is more likely to perform well on per capita consumption without necessarily incurring any additional cost. Conversely, if a company underperforms on metering it could be argued that it should not face a high underperformance rate for both metering and per capita consumption given that the former affects the latter. See the entry on per capita consumption above for our assessment of this overlap. To avoid duplication of incentives, we remove the willingness-to-pay based financial incentives for this performance commitment. Instead, we ensure consumers are compensated for the allowance the company has been provided through a cost recovery ODI. We are therefore introducing an underperformance rate based on the allowed cost for a 1% meter penetration adjusted by the relevant cost sharing ratio.	The ODI rates are calculated as follows: Underperformance and outperformance rate per 1% meter penetration: -£0.400m and £0.607m respectively.

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			competence in meter installation programmes, including the commissioning of a specialist metering programme overseen by the company executive management team. The company states this enables it to identify the most effective areas for improving meter penetration and to resolve any technical issues around delivery. The company proposes reverting to the ODI rates proposed in its April 2019 revised business plan, namely £0.026m per 1% meter penetration.	This is a standard approach we have applied to other companies. Regarding whether we should allow an outperformance rate, in our final methodology, we stated that we would allow rewards on scheme performance commitment when there is a clear customer benefit and customer support. In its April 2019 revised business plan the company provided evidence of customer benefit and customer support for outperformance payments which we considered sufficient and convincing evidence to introduce a reward. In August 2019 the company submits additional evidence showing that customers do not consider metering as an important measure to have financial incentives attached. Although in principle this could impact our view of having a reward for this performance commitment, we consider that the new research has substantial limitations. For example, the company has only asked the consumers about the financial incentives as a whole package, rather than breaking them up into outperformance and underperformance rates. We therefore consider that it is appropriate to have an outperformance payment for meter penetration representing the allowed cost for a 1% meter penetration multiplied by the relevant cost sharing ratio.	
Meter penetration PR19BRL_PC20	Caps, collars and deadbands.	Our intervention at draft determination was to remove the underperformance collar for this performance commitment.	The company states that the removal of the cap was an error in the draft determination – and remains at 90%. Page 169 states 'We note that following part of the query process [the draft determinations query process], Ofwat has confirmed: 'the performance commitment should still have outperformance caps at 90% for all years'.	Change required for the final determination. We confirm that we erroneously omitted the standard outperformance cap in the draft determination. The cap provides additional customer protection and is supported by customers. However the performance commitment is now financially material and as such we consider it should have caps in line with our approach set out in the 'Delivering outcomes for customers policy appendix'. We do not consider it should have collars as the outcome delivery incentive recovers costs. We consider the estimates of P10 and P90 performance were inappropriate as these were flat over the period. Metering is very likely to take place and the P10 should increase over time. However, there is a limit to the amount metering can increase and so the P90 cannot immediately increase to 90%. We have used judgement to set more realistic estimates of P10 and P90 performance. We have set caps at the P90 performance level, but have not set collars as the ODI rate recovers costs in order to protect customers.	We set the outperformance cap to the following level: 2020-21 = NA 2021-22 = NA 2022-23 = NA 2023-24 = NA 2024-25 = 77.00 Units: The percentage (%) of total billed household properties that are charged for water on a measured basis.

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Total customer complaints PR19BRL_PC29	New performance commitment	N/A	In response to past delivery concerns, the company proposes a new non-financial total customer complaints performance commitment based on CCWater's information. It proposes defining the performance commitment levels in terms of the upper quartile of published information. This would therefore be a dynamic measure. We contacted the company in May 2019 about past delivery concerns. Shortly before publication of our draft determination, the company submitted a draft policy proposal to introduce a performance commitment with a reputational outcome delivery incentive on a broad measure of complaints. The paper also considers the option of a performance commitment on a narrower measure covering only written complaints with an underperformance payment only outcome delivery incentive. This additional evidence was not considered in our assessment of deliverability for the draft determination, we said we would consider it when making our final determinations. We review this evidence when making this assessment.	Change for the final determination. Given past delivery concerns identified in this area, we consider that it is in the best interests of customers for there to be a performance commitment that measures complaints for this company. As the company has demonstrated improvement in the level of complaints, benchmarking itself against the dynamic upper quartile will provide the company with reputational incentives to continue to improve. We consider the need for a financial incentive has reduced as performance in 2018-19 has improved. We consider that C-MeX is sufficient to provide financial incentives to continue to improve customer service. We consider the company provides sufficient and convincing evidence to introduce this performance commitment as reputational only as it is proportionate to protect customers.	We introduce the performance commitment as a reputational performance commitment. This performance commitment incentivises the company to deliver higher levels of customer service and in doing so reduce the total number of complaints made by household customers. The performance commitment levels are aligned to the data the company provides to CCWater to inform its annual complaints publication, defined in terms of the upper quartile.
Percentage of customers in water poverty/ Helping customers who are struggling to pay PR19BRL_PC14	Performance commitment definition	At draft determination we removed the company's 'percentage of customers in water poverty' performance commitment. We replaced the performance commitment with a 'helping customers who are struggling to pay' performance commitment, which focuses on the number of people receiving direct financial assistance from the company.	The company states its opposition to us replacing its 'percentage of customers in water poverty' performance commitment with a 'helping customers who are struggling to pay' commitment at draft determination for the following reasons: The company states that its proposal is a continuation of a 2015-20 performance commitment with which we have not previously raised issues. The company states its performance commitment measures an outcome rather than an output (unlike the replacement performance commitment) and so is in keeping with our regulatory approach. It states that customers were in strong agreement with its proposed performance commitment, and that	Change for the final determination. We consider the company provides sufficient and convincing evidence to revert to the 'Percentage of customers in water poverty' performance commitment. However, we assess that the information the company provides partially responds to our concerns, but needs further strengthening to enable us to adopt the performance commitment. As such we consider it appropriate to add further detail on how water poverty is calculated and the grounds on which customers should be excluded.	We revise the performance commitment to revert to the 'Percentage of customers in water poverty' performance commitment. We add further detail to the definition detailing how water poverty is calculated and the grounds on which customers are excluded. We also add that the company should satisfy itself that any customers on social tariffs removed from the calculation are no longer in water poverty. Additionally, we note that water companies are currently engaged in discussions to establish a common definition of water poverty. Once a common

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
			we have allowed a similar performance commitment for Northumbrian Water. The company states that as a result of our challenge it has secured the requisite support from customers to cross-subsidise social tariffs hoping that this proves it will see through this aspect of its plan. In response to a query, the company provided us with further information on how it calculates the percentage.		definition has been established, we expect the company to notify Ofwat, in accordance with the procedures for changing performance commitments set out in Annex 2 of its 'Outcomes performance commitment appendix' with a view to updating the definition of this performance commitment to align it, as appropriate, with the common definition
Turbidity performance at treatment works PR19BRL_PC09	ODI rates	In our draft determinations, we intervened to restore the underperformance payment rate for this performance commitment to the level proposed by the company in its September 2018 business plan. Underperformance: -£0.834m/number of failures	The company proposes to revise the underperformance rate back to levels proposed in its April 2019 revised business plan (-£0.083m/unit). The company states that the September 2018 business plan ODI rate was calculated as unit cost multiplied by 50% customer sharing ration multiplied by 10. The company states that it used this approach because it did not have a direct willingness to pay value for turbidity. It states that, as the collar has been increased from 1 to 5 turbidity failures, the 10x multiplication should be removed. The company states that our design of a financial underperformance ODI rate set at -£0.834m/unit and a collar set to 5 turbidity failures at the treatment works increases the total 5 years financial exposure from £2.1m to £20.1m. The company states that the risk of underperformance is modest and performance is historically good. Further, the company suggests the updated ODI rate is in line with its customers' views. The company states that we do not have good reason to intervene and to create such a large incentive with no track record issues.	Change for the final determination. We note that the company provides new customer research. The research shows that treatment works performance is not a high priority to have financial incentives (ranked 9th across performance commitments).We also note that performance is historically good. We consider that the company provides sufficient and convincing evidence that it is inappropriate to apply a multiplier to the unit cost figure. We consider that there is no clear rationale to apply a multiplier to the figure, and while the company proposed to do this in its September 2018 business plan, there is no basis to continue to apply it in our final determinations.	We change the underperformance rate to -£0.083m/number of failures and remove the underperformance collar.

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
Void Properties PR19BRL_PC17	ODI rate	As part of a sector-wide intervention, we intervened to adjust the ODI rate based on an average wholesale bill of £170, marginal costs of £30, a cost sharing factor of 50%, and property numbers as provided by the company. We set ODI rates to: Underperformance: -£0.805 million per 1% Outperformance: £0.442 million per 1%	The company proposes to retain the original proposed rates of -£0.022m and 0.137m per 1% of properties. It states that its customers do not consider this to be a top priority and consider our draft determination rates to be disproportionately high compared to other measures. The company provides evidence that 10% of void visits were found to be occupied. It states that applying this 10% assumption would reduce the ODI rates to -£0.081m and £0.044m. The company also states that the marginal benefit should be assessed using the cash flow benefit, which it states is £4.26 per household per annum, calculated as the average household bill multiplied by the real cost of debt. In response to a query, it states this is the benefit to customers within the year of the void property being identified. It states the benefit from total revenue being spread across more customers occurs in future charging years. It states its marginal costs of a void inspection is equal to £58.80 per void, or £26.46 when accounting for the water and waste water split. The company states no sharing rate should be applied for retail performance commitments, per our PR19 methodology.	Change for the final determination. We do not consider the company's customer research to be convincing. The research suggested to customers that the outperformance payment would increase a customer's bill. This is not the case, because if the company outperforms the extra billing will reduce customers' bills to cover the ODI outperformance payment. The converse is true for underperformance payments. As the information provided to customers is incorrect it is not appropriate for us to use the results of the research as a reasonable summary of customers' views. We note that 10% of void visits are found to be occupied. However the company does not convincingly explain why this should be applied as a multiplier to the ODI rates. Even if only 10% of void visits produce a benefit, every extra bill that is sent (i.e. when a false void is identified, so changing the performance level) will reduce other customers' bills by the entire value of that bill. We do not consider the company's evidence on the marginal benefit to be sufficient or convincing. We calculate ODI rates based on the company's average wholesale residential bill which represents the benefit of a company billing an extra property (ie billing a false void). This leads to a reduction in other customers' bills that is not just a timing impact. The company appears to acknowledge that the customers benefit from the identification of an additional occupied property in the form of bills being lower in subsequent years, but then it reaches an incorrect conclusion in assuming that the benefit is only the in-year cash flow benefit. We agree with the company that no sharing rate should be applied to this retail ODI. As we are adjusting the formula in this way, the marginal cost estimate is no longer relevant. As we explain in the 'Delivering outcomes for customers policy appendix', we revise our methodology for performance commitments concerning 'void properties' As well as removing the cost sharing factor, as there is no cost sharing for the retail price control. We are also now calculating the financial incentive based on a weighted incentive rate based on the number of	We revise ODI rates to: Underperformance: -£0.414m per 1%. Outperformance: £0.414m per 1%.

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
				customers between single and dual services to more accurately align incentives to the customer benefit. 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. We consider that together these arguments and evidence are sufficient and convincing. Therefore, we change the voids ODI rate methodology to share the risk between the company and customers.	
Void Properties PR19BRL_PC17	Caps, collars and deadbands	Our intervention at draft determination was to remove all caps, collars and deadbands.	The company accepts removal of the cap, but is proposing an adjusted collar (at 3.8%), using the same method as for unplanned outage. It states that we have not considered recession risk, which is inconsistent with a revenue control. The company states that we should consider taking the approach used in other areas and mitigate risk with a collar at 2 x 2020-21 performance (3.8 rather than 2.2% in revised plan, or uncapped level proposed).	Change for the final determination. 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. In the appendix we explain how we set the level of caps and collars. We do not change the company P10 and P90 estimates of performance.	We set the underperformance collar to the following level: 2020-21 = 2.40 2021-22 = 2.40 2022-23 = 2.30 2023-24 = 2.30 2024-25 = 2.30 Units: The percentage (%) household properties classified as void. We set the outperformance cap to the following level: 2020-21 = 1.40 2021-22 = 1.40 2022-23 = 1.30 2023-24 = 1.30 2024-25 = 1.30 Units: The percentage (%) household properties classified as void
WINEP Compliance	Performance commitment definition	We intervened at draft determination to set the definition to include only schemes specified	The company states that we removed incentives related to £0.374m of funding for the eels element of the water industry national environment programme.	Change for the final determination.	We change the performance commitment definition, per the company's proposal, to include

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
BRL_PC24		as 'Green' by the Environment Agency.	It states that it should not have been excluded in its entirety as only a proportion (£0.123m) is uncertain. The company proposes that the value that is green and certain to go ahead be included within the performance commitment definition and outcome delivery incentive rate for simplicity.	There is only one entry in the Environment Agency's dataset relating to eels improvement. This has amber status. The company, through a query response at the initial assessment of business plan stage, explains that the scheme status is reflected as amber only because of uncertainty over the solution rather than need. The company provides sufficient evidence that this scheme should be considered 'Green'.	the eels improvement (EE_IMP) scheme.
Glastonbury Street network resilience PR19BRL_PC28 & Population at Risk from Asset Failure PR19BRL_PC11	Renaming performance commitment, performance commitment definition, and ODI rates	The intervention we made at draft determination was to include the new performance commitment 'Glastonbury Street Network Resilience'. The performance commitment had the following characteristics: Completion reported annually, with a performance commitment level of 0 expected months of delay by the end of 2024-25. An underperformance payment rate of -£0.0472 million per month late. This is calculated by multiplying the estimate of efficient costs (£5.667 million) by the cost sharing factor (assumed to be 50%) and then dividing by 60 to put into the appropriate units. The outcome delivery incentive was to be underperformance only for 2024-25, with end-of-period revenue payments.	The company states that the new performance commitment introduced in the draft determination, 'Glastonbury Street network resilience', needs to be amended to include the broader range of resilience measures that the company proposed in its April 2019 revised business plan. It states the smaller schemes which have a large resilience impact should also have been considered and are supported by its customers. The company considers that where our draft determination intervenes in detail on the grounds of resilience, it does not consider resilience in the round. It claims that we only looked at the large scheme rather than all of the resilience components, and erroneously assumed supply interruption rather than resilience benefits. The company states that customer views are that small schemes, as well as large, that have a large resilience population benefit should be prioritised, and incentivised. The company considers that there is no logic to making the 'population at risk of asset failure' measure reputational and that this goes against our challenge to companies for them to develop better forward-looking resilience measures. The company proposes to rename the 'Glastonbury Street network resilience' performance commitment with reference PR19BRL_PC28 to 'reducing population at risk from asset failure' performance commitment with the same reference. The company proposes the removal of the reputational measure	Change for the final determination. At the draft determination we considered that the scheme improves the resilience of the water supply in the Glastonbury Street area by providing a secondary source of supply, which is a clearer benefit for customers than the other resilience schemes. We included a new performance commitment for Glastonbury Street network resilience' performance commitment but acknowledged this was a subset of the 'population at risk from asset failure' measure that we changed to be reputational as we had not allowed all the expenditure by the company. In its enhancement funding business case the company does not provide sufficient and convincing evidence that for all of the 36 smaller schemes that interruption may be greater than 12hrs. Although we do consider that this may be the case for some of them, such as two of them which we identify as being pumped systems with no real storage. We therefore consider that the company does not provide sufficient and convincing evidence that all of the 36 smaller schemes deliver long-term resilience benefits. This is because it provides insufficient details on the overall risk of failure, in particular the likely durations of supply interruptions that the majority of the smaller schemes provide resilience against. While we consider that the cost allowance should be increased, we are not specifying which schemes the company should deliver. Without this clarity it is not possible to adjust the performance commitment 'Glastonbury Road network resilience' performance commitment' as the company suggested. We consider that no further customer protection is required for the company to deliver extra small schemes that will increase resilience for customers. We expect the company to target the schemes that will deliver the greatest benefit to customers.	We retain the draft determination definition of the 'Glastonbury Street network resilience' performance commitment and we retain the name of the performance commitment. We maintain the performance commitment level of zero months delivery delay of the schemes in each year. We set the underperformance rate using our standard formula for delay delivery which we included in our 'PR19 draft determinations: Delivering outcomes for customers policy appendix'. This results in an incentive rate of -£0.0469m per month delay. We remove the 'Population at Risk from Asset Failure' performance commitment which had reputational incentives at 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
			‘population at risk from asset failure’ with reference PR19BRL_PC11. The company proposes accepting the overall structure of the Glastonbury Street network resilience performance commitment introduced in the draft determination. The company also proposes an update to the definition and scope of the performance commitment to include the smaller resilience projects that were rejected enhancement funding at the draft determination. It states that inclusion of these projects would increase the total capital expenditure for the resilience projects thus increasing the rate of the underperformance only outcome delivery incentive. The company proposes to use a similar structure to the incentive as per ‘Glastonbury Street network resilience’.	The company previously proposed outperformance payments in its September 2018 business plan and has undertaken further customer research to demonstrate customer support for outperformance payments for early delivery of its resilience schemes. We however do not consider that it sufficiently demonstrates the benefits of delivering the long-term resilience schemes early. In its representation the company proposes underperformance payments only in the event that the smaller schemes are included in the performance commitment. The company proposes accepting the overall structure of the Glastonbury Street network resilience performance commitment introduced in the draft determination which had underperformance payments only, but we consider that all the 36 smaller schemes should be excluded from this measure because of the uncertainty that we have over the benefits for customers. We make an allowance of -£0.0469m per month delay for the smaller resilience schemes. Whilst we consider that there may be some merit in retaining the ‘Population at Risk from Asset Failure’ performance commitment which had reputational incentives at draft determination, we also cannot be confident that the allowed investment is sufficient to deliver the original performance commitment.	
Priority services for customers in vulnerable circumstances PR19BR:_PC27	Performance commitment levels	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).	In relation to how targets are calculated, Bristol Water states that it should use customers rather than distinct households as there could be two or more people in a property who are separately registered. The company states that a 50% confirmation rate is high and potentially difficult to achieve, for example its work with Western Power Distribution points to a 24% response rate. It also states that for vulnerable customers, restating their preferences may not be a priority.	Change for the final determination. There are practical difficulties in measuring priority services on a customer-by-customer basis, particularly as the majority of companies currently register services on a household basis. However, we encourage companies to submit information at an individual level where it is available. We do not consider that the company has provided sufficient and convincing evidence to change our approach to how targets are calculated. Given this performance commitment places specific emphasis on companies to check data, it is reasonable to expect success rates that are greater than what has been achieved to now. The company, along with representations from other companies of a similar nature, provides evidence from experience in the energy sector that improves our understanding of likely success rates. We consider that this is convincing evidence and have revised the performance commitment levels.	We change the actual contacts element of the performance commitment levels as follows: 2020-21 = 17.5 2021-22 = 35 2022-23 = 35 2023-24 = 35 2024-25 = 35 Unit: Percentage of priority services customers that the company has made actual contact with

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
C-MeX PR19BRL_PC12	All	We set a common performance commitment for all companies regarding residential customer satisfaction.	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'.	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'.	See 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.
D-MeX PR19BRL_PC13	All	We set a common performance commitment for all companies regarding developer customer satisfaction.	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'.	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'.	See 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.

Table 2: Bristol 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
Bristol Water Challenge Panel	Water supply interruptions PR19BRL_PC02	Performance commitment level	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. These levels are: 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 Units: Hours:minutes:seconds (HH:MM:SS) per property per year	The panel noted how the 'company is currently the worst performer in industry and that a 75% improvement in performance is required to reach industry upper quartile'.	Change for the final determination (see Table 3 for sector wide change). We acknowledge that the company is a poor performer on water supply interruptions. We have set performance commitment levels common to all companies. We assess a broad set of evidence including the historical rate of improvement to test whether forecast upper quartile is a reasonable expectation and set levels reflecting a stretching but achievable level of service improvement by 2025. As part of the sector wide change, we revise the performance commitment levels to the following values: 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 Units: Hours:minutes:seconds (HH:MM:SS) per property per year	N/A (see Table 3)
Bristol Water Challenge Panel	Mains Repairs PR19BRL_PC03	Outcome delivery incentive rates	At draft determination we intervened to increase the company's underperformance ODI rate to the industry average of -£0.041m.	Bristol Water Challenge Panel considers the company's decisions regarding the trade-offs between customer bills and customer service required to achieve the draft determination requirements have been reasoned soundly. In particular, it states that 'an increase in underperformance penalty is required to encourage the company to carry out its repair program.' The Challenge Panel also states that the latest customer engagement on ODIs indicates that customers want a better balance of incentives than in the draft determination to avoid the company focusing on service areas with large underperformance payments.	No change for the final determination. We assess the customer engagement evidence that the Challenge Panel refers to in the above action regarding Bristol Water's representation on its mains repair performance commitment. We do not consider the customer engagement in relation to mains repairs to be sufficient to reduce the company's underperformance payment. The Challenge Panel appears to support our decision to increase the underperformance payment on this particular performance commitment to incentivise the company to carry out its repair programme. This lends weight to our above decision to retain our intervention at draft determination to increase Bristol Water's underperformance rate to the lower bound of our reasonable range.	N/A

CCwater	Non-performance commitment specific	Outcome delivery incentive	N/A	CCwater conducts additional customer research, finding that 82% of the company'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. It highlights the risk that underperformance rates are stronger in areas that are lower customer priorities in the company's business plan research (such as mains burst). It notes there is a risk that companies may pursue some ODIs with larger financial outperformance incentives at the expense of other customer supported service improvements.	No change for the final determination. We note the results of CCWater's research, which shows that the majority of customers support the bill impacts of our draft determinations including ODIs. We review and make some changes to the overall balance of risks and incentives across performance commitments for the company and the industry. We consider that we are setting an appropriate balance of risks and incentives in line with our PR19 methodology.	N/A
iCON Infrastructure	Non-performance commitment specific	ODI rates	N/A	iCON Infrastructure states it is responding from its perspective as a shareholder in Bristol Water. It states that it is not clear that the cumulative effect and interdependencies of parameters across the ODI framework have been fully understood, including consideration in conjunction with efficiency performance commitment levels. It notes Bristol Water has the most 'penal' P10 ODI bound of all water companies, and that the company believes the actual p10 figure to be larger, at -4.6% with a maximum ODI downside of -12%	No change for the final determination. As set out in the 'Delivering outcomes for customers policy appendix', we have carefully considered the appropriate balance of risks and incentives across performance companies for the company and the industry. Where appropriate we are making changes to improve this balance. These are documented in the relevant sections of this document, and in the 'Delivering outcomes for customers policy appendix'.	N/A
Bristol Water Challenge Panel	Leakage PR19BRL_PC18	Performance commitment levels	No intervention at draft determination.	Bristol Water Challenge Panel notes that a '15% reduction in leakage by 2025 will lead to better than upper quartile performance'.	No change for the final determination. We note that the company proposes a better than upper quartile forecast performance.	N/A
Bristol Water Challenge Panel	Per Capita Consumption (PCC) PR19BRL_PC19	Performance commitment levels	At draft determination we increased the company's percentage reduction to 6.3%.	Bristol Water Challenge Panel notes that the company has accepted the per capita consumption level (a reduction by 6.3% is upper quartile) knowing that we are consulting the industry on a possible 10% reduction performance commitment level. Bristol Water Challenge Panel agrees with our increase on the company ambition for reducing per capita consumption (from 5% to 6.3%), noting that encouraging consumers to	No change for the final determination. We welcome the view from the Bristol Water Challenge Panel. We recognise that the performance commitment level is more challenging and we encourage Bristol Water to review the options for engagement with its customers as part of its planning activity.	N/A

				value water is vital and that using it wisely, per capita consumption can be reduced. It recognises that this will give Bristol Water a greater challenge in educating customers to reduce their usage, especially given the real terms reduction in its cost over the period.		
Consumer Council for Water	Mains Repairs PR19BRL_PC03	Performance commitment levels	Our intervention at draft determination was to set the forecast service levels to the following values: 2020-21 = 121.7 2021-22 = 121.7 2022-23 = 121.7 2023-24 = 121.7 2024-25 = 121.7 Unit: Mains repairs per 1,000 km of main.	CCWater notes a concern that we have increased the stretch of the performance commitment level for a reduction in mains burst, noting that it was not identified as a customer priority. It highlights how it would be 'disappointed' if this was to have an adverse impact on other performance commitments, which customers consider higher priority.	Change for the final determination. We welcome the view of the Consumer Council for Water and consider that our final decisions are appropriate and made in the round in customers' interest. We expect the company to achieve its performance commitment levels for all its performance commitments. We are reducing the level of stretch for this performance commitment at final determination (See Table 1).	N/A (See Table 1)

Table 3: Bristol 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.	Change for the final determination. 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. 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. 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 Bristol Water – Outcomes performance commitment appendix.	We change ODI rates where the underlying data used to calculate the rate has been updated, or an error has been identified.
Water Quality Compliance (Compliance Risk Index) PR19BRL_PC01	Caps, collars and deadbands	The intervention we made at draft determinations was to set a standard deadband for all companies. The deadband profile for the Compliance Risk Index was: 2020-21 = 2.00 2021-22 = 2.00 2022-23 = 1.50 2023-24 = 1.50 2024-25 = 1.50 Unit = Compliance Risk Index Score	Change for the final determination. We amend the deadband on the Compliance Risk Index to a score of 2.00 throughout the period reducing the risk of underperformance payments in the last three years of the 2020-25 period. 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. Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.	The following is a sector wide change for the final determination. The deadband profile for the Compliance Risk Index is: 2020-21 = 2.00 2021-22 = 2.00 2022-23 = 2.00 2023-24 = 2.00 2024-25 = 2.00 Unit = Compliance Risk Index Score
Water supply interruptions PR19BRL_PC02	Performance commitment levels	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: 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	Change for the final determination. 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 the performance commitment for an efficient company. Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.	The following is a sector wide change for the final determination. We set revised performance commitment levels to the following values: 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

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		Unit = Hours:minutes:seconds (HH:MM:SS) per property per year		Unit = Hours:minutes:seconds (HH:MM:SS) per property per year
Leakage PR19BRL_PC18	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.'
Unplanned Outage PR19BRL_PC04	Performance commitment levels	No intervention at draft determination.	Change for the final determination. 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 performance for many companies, which is counter to our methodology requirement for companies to improve performance. 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.	The following is a sector wide change for the final determination. We revise the performance commitment levels to the following values: 2020-21 = 2.34 2021-22 = 2.34 2022-23 = 2.34 2023-24 = 2.34 2024-25 = 2.34 Units: Percentage of peak week production capacity (%)

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			As Bristol Water's actual 2018-19 and forecast 2019-20 performance is better than 2.34%, we set the performance commitments levels at 2.34% in all years. Please refer to out 'Delivering outcomes for customers policy appendix' for further information.	
Unplanned Outage PR19BRL_PC04	Caps, collars and deadbands	At draft determination we set collars levels to: 2020-21 = 3.00 2021-22 = 3.00 2022-23 = 3.00 2023-24 = 3.00 2024-25 = 3.00 Units: Percentage of peak week production capacity (%)	Change for the final determination. 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 are applying 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).	We set collar levels to: 2020-21 = 4.68 2021-22 = 4.68 2022-23 = 4.68 2023-24 = 4.68 2024-25 = 4.68 Units: Percentage of peak week production capacity (%)
Abstraction Incentive Mechanism (AIM) PR19BRL_PC26	P90 performance levels	NA	To estimate P90 performance levels we should take the company's representations view of P10 and P90 performance levels, which is most representative of the performance commitment as it is currently defined, and correct this to account for the direction of improving performance. In completing final checks we note the estimates we used in our ODI return on regulated equity calculations incorporate an incorrect set of P90 performance levels, taken from the company's representations data but without correction. Effectively in the ODI return on regulated equity analysis we assumed the P90 performance level was equal to the performance commitment level and no outperformance would be achieved. We do not consider that this would have led to any change to our decisions.	Following our policy we should have estimated P90 performance levels as: 2020-21 = -734 2021-22 = -734 2022-23 = -734 2023-24 = -734 2024-25 = -734 Units: Megalitres
Glastonbury Street Network Resilience PR19BRL_PC28	P10 performance levels	N/A	Change for the final determination. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. 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 this performance commitment was not included in the company's April 2019 revised business plan submission.	We estimate P10 performance levels as: 2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 0 2024-25 = 0 Units: Months to zero decimal places
Mains Repairs PR19BRL_PC03	P10 performance levels	N/A	Change for the final determination.	We estimate P10 performance levels as:

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. 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.	2020-21 = 179.4 2021-22 = 177.6 2022-23 = 175.8 2023-24 = 174.1 2024-25 = 172.5 Units: Number of repairs per 1000km of mains, reported to one decimal place.
Per capita consumption (PCC) PR19BRL_PC19	P10 performance levels	N/A	Change for the final determination. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. 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.	We estimate P10 performance levels as: 2020-21 = -9.9 2021-22 = -4.2 2022-23 = -3.2 2023-24 = -2.3 2024-25 = -2.5 Units: Percentage reduction from 2019-20 baseline, reported to one decimal place.
Meter penetration PR19BRL_PC20	P10 performance levels	N/A	Change for the final determination. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. We consider the estimates of P10 and P90 performance were inappropriate as these were flat over the period. Metering is very likely to take place and the P10 should increase over time. We use judgement to set more realistic estimates of P10 performance.	We estimate P10 performance levels as: 2020-21 = 65.00 2021-22 = 66.80 2022-23 = 68.60 2023-24 = 70.40 2024-25 = 72.30 Units: Percentage of properties to two decimal places

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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