

December 2019

# PR19 final determinations

**Hafren Dyfrdwy – Outcomes performance  
commitment appendix**

## **PR19 draft final determinations: Hafren Dyfrdwy - Outcomes performance commitment appendix**

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for Hafren Dyfrdwy for the period 2020-2025.

This is a technical document to specify clearly the company's performance commitments and outcome delivery incentives. This document is not intended to substitute the information that Hafren Dyfrdwy should provide to its customers on its outcomes and performance commitments.

The appendix sets out each of the company's performance commitments and associated outcome delivery incentives, firstly for common and then for bespoke performance commitments.

The appendix provides the following information on each performance commitment:

- the name and unique identifier of the performance commitment;
- a summary of the purpose and benefits of the performance commitment. The definitions and other terms set out in the performance commitment should be considered to be authoritative in determining the company's commitments and incentives under the performance commitment;
- the detailed definition of the performance commitment. Where these refer to, and incorporate, referenced or linked materials as part of the description of any aspect of these definitions (for example documents on the Ofwat or another organisation's website, or an attachment to the performance commitment), the referenced or linked materials should be considered to be authoritative in interpreting the definitions of the performance commitment, unless otherwise stated. It is the company's responsibility to report accurate and complete information and it must have adequate processes in place to do this. Any direction on reporting and assurance is specific to the commitment and in addition to the company meeting other obligations;
- the form and type of the outcome delivery incentive;
- the performance commitment levels and targets;
- the limits on outperformance and underperformance payments (caps and collars) and neutral zones (deadbands), if applicable;
- the incentive rates, if applicable;
- the allocation of the performance commitment to the company's applicable price controls; and
- any other additional details on the measure, as required.

In the PR19 Final Methodology (p56) we state that:

- Companies should commit to keeping the definitions of their performance commitments unchanged during 2020-25 and, if any unavoidable changes are required, to follow our procedures for changes.
- Companies should commit that their outcome delivery incentive payments will only relate to real performance changes and not definitional, methodological or data changes in the performance commitment.

We will be mindful of these points when we are assessing companies' performance against their commitments and outcome delivery incentives during the 2020-25 period.

The procedures for making any changes to performance commitments during the 2020-25 period are specified in Annex 2 of this document.

The outcomes framework sits in the broader context of the company's statutory and licence requirements for service delivery. Independently of the outcomes framework, each company also has to ensure that it complies with its legal obligations, or risk enforcement action. If a company's performance falls below the level set for a performance commitment (irrespective of the existence of any deadband or collar), we will consider whether this is indicative of wider compliance issues to the detriment of consumers and whether enforcement action, with the potential for remedial and fining measures, is warranted.

Accompanying documents set out our decisions that relate to performance commitments and outcome delivery incentives and the reasons for them. Please see 'Delivering outcomes for customers policy appendix' for sector wide issues and company specific issues in the company's "Delivering for customers outcomes final decisions" document. The detail of the performance commitments and outcome delivery incentives set out in this appendix reflect these decisions. These documents are intended to be fully consistent. In the event of any inconsistency, then this Outcomes performance commitment appendix takes precedence in all instances.

## **1.1 Common performance commitments**

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

A number of companies receive enhanced outcome delivery incentives for certain common PCs. In the PR19 methodology (Appendix 2, p.85) we state: "Companies proposing enhanced outperformance and underperformance payments should explain in their business plans how they will share the knowledge behind their success with companies across the sector by the end of the 2020-25 price review period or soon after. Receiving the enhanced outperformance payments will depend on whether the company has a credible plan for sharing its approach with the

sector.” This is an important aspect of the framework for enhanced outcome delivery incentives and we expect companies earning them to share learning on what has worked and what has not, consistent with the knowledge-sharing plans set out in their business plan. We also expect companies to assess the success of their knowledge-sharing and be able to provide evidence of this to Ofwat, and we will take account of this when we make in-period and end-of-period outcome delivery incentive determinations.

### 1.1.1 Water quality compliance (CRI)

**Purpose:** The performance commitment incentivises the company to fully comply with statutory obligations and to mitigate any issues affecting performance.

**Benefits:** This performance commitment incentivises companies to fully comply with statutory obligations which promotes customer confidence that water is clean and safe to drink.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_A1
<b>Detailed definition of performance measure:</b>	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry. This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018: <a href="https://www.ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/">https://www.ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/</a>
<b>Additional detail on measurement units:</b>	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations).
<b>Specific exclusions:</b>	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
<b>Reporting and assurance:</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Numerical CRI score, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus

<b>Unique Reference</b>	<b>PR19HDD_A1</b>
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.033
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.2 Water supply interruptions

**Purpose:** This performance commitment is designed to incentivise companies to minimise the number and duration of supply interruptions.

**Benefits:** Reducing the number and duration of interruption events improves the reliability of supply and reduces negative social and public health impacts on customers.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B1
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27 March 2018:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-supply-interruptions/">https://www.ofwat.gov.uk/publication/reporting-guidance-supply-interruptions/</a></p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>
Additional detail on measurement units	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div \text{Total number of properties supplied (year end)} = \text{average number of minutes lost per customer}$ <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p>

<b>Unique Reference</b>	<b>PR19HDD_B1</b>
	Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	ODI rate applies on a per minute basis.
<b>Links to relevant external documents</b>	None



## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	HH:MM:SS	NA	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00
Enhanced underperformance collar	HH:MM:SS		NA	NA	NA	NA	NA
Standard underperformance collar	HH:MM:SS		00:22:45	00:22:45	00:22:45	00:22:45	00:22:45
Underperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.038
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.3 Leakage

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B2
<b>Detailed definition of performance measure</b>	<p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on 27 March 2018:</p> <p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
<b>Additional detail on measurement units</b>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if, 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-</p>

Unique Reference	PR19HDD_B2
	<p>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.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<p>Performance commitment levels are set as percentage reduction from 2019-20 baseline.</p> <p>Incentive payments relate to performance changes expressed in megalitres per day (MI/d).</p>
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	1.2	3.4	6.4	9.4	12.4
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		-5.0	-5.0	-5.0	-5.0	-5.0
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment - standard	-0.102
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.4 Per capita consumption

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B3
<b>Detailed definition of performance measure</b>	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on 27 March 2018:</p> <p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/">https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
<b>Additional detail on measurement units</b>	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p>

<b>Unique Reference</b>	<b>PR19HDD_B3</b>
	Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level – percentage reduction</b>	%	NA	0.9	1.8	2.7	3.5	4.2
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.014
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.5 Mains repairs

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B5
<b>Detailed definition of performance measure</b>	<p>Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on the 27 March 2018. <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</a></p> <p>It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).</p>
<b>Additional detail on measurement units</b>	<p>Mains repairs – This includes all physical repair work to mains from which water is lost.</p> <p>Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.</p>
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company's active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.



<b>Unique Reference</b>	<b>PR19HDD_B5</b>
<b>Measurement unit and decimal places</b>	Number of repairs per 1000km of mains, reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	number	NA	121.0	118.9	116.7	114.6	112.5
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.007
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.1.6 Unplanned outage

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B6
<b>Detailed definition of performance measure</b>	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4 April 2019.  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-unplanned-outage/">https://www.ofwat.gov.uk/publication/reporting-guidance-unplanned-outage/</a></p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage should then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
<b>Additional detail on measurement units</b>	See reporting guidance for additional detail.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report its current company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
<b>Measurement unit and decimal places</b>	Percentage of peak week production capacity, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payment

<b>Unique Reference</b>	<b>PR19HDD_B6</b>
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	2.34	2.34	2.34	2.34	2.34
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		4.68	4.68	4.68	4.68	4.68
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.059
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.7 Risk of severe restrictions in a drought

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B4
<b>Detailed definition of performance measure</b>	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on 13 March 2018:</p> <p><a href="https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/">https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/</a></p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
<b>Additional detail on measurement units</b>	<p>The metric will be calculated using the following formula:</p> <p><i>At risk if, <math>DO - OA &lt; DD + TH</math></i></p> <p>Where:</p> <p>Deployable output (supply) = DO</p> <p>Outage allowance (unavailable supply) = OA</p> <p>Dry year demand = DD</p> <p>Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (i.e. population</p>

<b>Unique Reference</b>	<b>PR19HDD_B4</b>
	of a water resource zone) by the total number of customers served by the company.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	As defined in the reporting guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

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

**Incentive rates**

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

### 1.1.8 Priority services for customers in vulnerable circumstances

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_H1
Detailed definition of performance measure	<p>This common performance commitment is defined in the reporting guidance 'Reporting guidance – Common performance commitment for the Priority Service Register'.</p> <p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> <li>• The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company's PSR;</li> <li>• Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period;</li> <li>• Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period.</li> </ul> <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
Additional detail on measurement units	<p>The performance commitment is calculated using the following formulas:</p> $PSR\ Reach = \left( \frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left( \frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left( \frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <p>PSR [households] – Number of households on the PSR (recorded on 31 March)</p> <p>Total households – Total number of households served (recorded on 31 March)</p>



<b>Unique Reference</b>	<b>PR19HDD_H1</b>
	<p>Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)</p> <p>Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Companies should also report the following information:</p> <p><b>PSR reach:</b> companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p><b>PSR data-checking:</b> Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p> <p>Regardless of whether an 'attempted' contact is undertaken through the company or a third party, we require all performance to be reported as part of the single 'attempted contact' measure in the company's overall performance reporting to Ofwat.</p>
<b>Measurement unit and decimal places</b>	<p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>Attempted contacts: percentage of applicable households, reported to one decimal place</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None

<b>Unique Reference</b>	<b>PR19HDD_H1</b>
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Initial level</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level: Reach</b>	%	NA	1.0	2.5	4.0	5.5	7.0
<b>Performance commitment level: Actual contact</b>	%		17.5	35.0	35.0	35.0	35.0
<b>Performance commitment level: Attempted contact</b>	%		45.0	90.0	90.0	90.0	90.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.1.9 Internal sewer flooding

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_E1
<b>Detailed definition of performance measure</b>	<p>The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on 28 April 2018:</p> <p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/">https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/</a></p> <p>The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p> <p>Companies might also want to present their performance commitments in absolute numbers to make it easier for customers and stakeholders to understand.</p> <p>The definitive service levels are those expressed as the values normalised per 10,000 sewer connections.</p>
<b>Additional detail on measurement units</b>	<p>Internal flooding: is defined as flooding which enters a building or passes below a suspended floor.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer</p>

<b>Unique Reference</b>	<b>PR19HDD_E1</b>
	<p>including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p> <p>The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.</p>
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	<p>This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections.</p> <p>Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
<b>Measurement unit and decimal places</b>	Number of incidents per 10,000 sewer connections reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	number	NA	1.68	1.63	1.58	1.44	1.34
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		3.35	3.35	3.35	3.35	3.35
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		1.15	1.11	1.06	1.06	1.05
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.035
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.035
<b>Outperformance payment - enhanced</b>	NA

### 1.1.10 Pollution incidents

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_E2
<b>Detailed definition of performance measure</b>	<p>Pollution Incidents is defined in the following guidance for PR19 – Water &amp; Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</a></p> <p>The total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar year.</p> <p>The total number of pollution incidents (Category 1 – 3 pollution incidents in England or High and Low impact incidents in Wales) in a calendar year emanating from a discharge or escape of a contaminant from a company sewerage asset affecting the water environment. This does not include incidents impacting on air or land. Incidents affecting amenity of the water environment, for example bathing waters, are included. Pollution incidents from transferred/adopted private pumping stations or transferred/adopted private rising mains (transferred in 2016) will be included from 1st January 2021. Pollution incidents attributed to the clean water distribution system and water treatment works are not included in this total pollution incidents sewerage definition.</p>
<b>Additional detail on measurement units</b>	As defined in the reporting guidance.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	<p>This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer.</p> <p>Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
<b>Measurement unit and decimal places</b>	Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.

<b>Unique Reference</b>	<b>PR19HDD_E2</b>
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	<a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf</a> Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency Incident Categorisation, Ref: GN019, Issued October 2017 by Natural Resources Wales

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
<b>Performance commitment level</b>	number	NA	138.00	137.00	117.00	117.00	97.00
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		207.00	207.00	207.00	207.00	207.00
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.002
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA



### 1.1.11 Risk of sewer flooding in a storm

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_E4
<b>Detailed definition of performance measure</b>	<p>Risk of sewer flooding in a storm is defined within the guidance titled, Reporting guidance – Risk of sewer flooding in a storm, published on 4 April 2019:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/">https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/</a></p> <p>This measure will record the percentage of the region's population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions.</p>
<b>Additional detail on measurement units</b>	See guidance document for full details of the calculation and measurements units.
<b>Specific exclusions</b>	As defined in the guidance.
<b>Reporting and assurance</b>	As defined in the guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19HDD_E4</b>
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	6.64	6.64	6.64	6.64	6.64
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.1.12 Sewer collapses

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_E5
Detailed definition of performance measure	<p>Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on 4 April 2019: <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/</a></p> <p>Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment</p>
Additional detail on measurement units	<p>Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p>
Specific exclusions	As defined in the guidance.
Reporting and assurance	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
Measurement unit and decimal places	Number of collapses per 1000km of sewer network, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue

<b>Unique Reference</b>	<b>PR19HDD_E5</b>
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	number	NA	5.37	5.37	5.37	5.37	5.37
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.001534
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.13 Treatment works compliance

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_C4
Detailed definition of performance measure	<p>Treatment works compliance is defined in the reporting guidance for PR19 – Water &amp; Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</a></p> <p>The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.</p>
Additional detail on measurement units	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance.
Specific exclusions	None
Reporting and assurance	No specific requirements.

<b>Unique Reference</b>	<b>PR19HDD_C4</b>
<b>Measurement unit and decimal places</b>	Percentage compliance, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% wastewater network plus 50% water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	%	NA	100.00	100.00	100.00	100.00	100.00
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		97.90	97.90	97.90	97.90	97.90
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.0077
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.1.14 C-MeX

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_G1
Detailed definition of performance measure	<p>The customer measure of experience (C-MeX) is a measure of customer satisfaction. A company's C-MeX score is calculated as the weighted average of customer satisfaction (CSAT) scores from customer service (CS) and customer experience (CE) surveys.</p> <p>Standard and higher performance payments under C-MeX depend on a company's performance relative to those of other companies.</p> <p>Higher performance payments are available if the company passes each of the following three 'gates':</p> <ul style="list-style-type: none"> <li>the company is one of the top three performers by C-MeX score;</li> <li>the company is at or above a cross-sector threshold of customer satisfaction performance based on the all-sector upper quartile (ASUQ) of the UK Customer Satisfaction Index (UKCSI); and</li> <li>the company has lower than the industry average number of household complaints (per 10,000 connections).</li> </ul>
Additional detail on measurement units	<p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> $C-MeX\ score = 50\% * CS-CSAT + 50\% * CE-CSAT$ <p>Each CSAT score is rescaled to be out of 100.</p> <p>Three points are deducted from the C-MeX score if the company does not offer at least five communication channels, including three online channels, to receive contacts from customers.</p>



Unique Reference	PR19HDD_G1
	<p data-bbox="528 327 826 360"><b>Standard payments</b></p> <p data-bbox="528 409 1385 651">The company's C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates) depends on its C-MeX score relative to those of other companies. Specifically, it depends on the company's score relative to the median company's score and either the highest or lowest performing company's score. This is demonstrated as follows:</p> <p data-bbox="528 701 799 734"><i>if score &gt; median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p data-bbox="528 866 799 900"><i>if score &lt; median :</i></p> $(score - median) * (12\% / (median - minimum))$ <p data-bbox="528 1032 799 1066"><i>if score = median :</i></p> <p data-bbox="935 1122 979 1155">0%</p> <p data-bbox="528 1205 624 1238">where:</p> <ul data-bbox="560 1249 1378 1559" style="list-style-type: none"> <li>• 'score' is the company's C-MeX score in the reporting year;</li> <li>• 'median' is the median score of all companies' C-MeX scores in the reporting year;</li> <li>• 'maximum' is the highest score achieved by a company in the reporting year; and</li> <li>• 'minimum' is the lowest score achieved by a company in the reporting year.</li> </ul> <p data-bbox="528 1644 991 1677"><b>Higher performance payments</b></p> <p data-bbox="528 1727 1385 2004">Up to three companies could receive higher performance payments. The company with the highest score that passes the three gates receives an additional 6% of that year's annual allowed residential retail revenue, potentially taking its total outperformance payments to 12%. If a second company qualifies, it will receive an additional 4% and if a third company qualifies it will receive an additional 2%. For the avoidance of doubt, if only one company passes the three gates it will</p>

Unique Reference	PR19HDD_G1
	<p>receive an additional 6% regardless of whether it is has the highest C-MeX score across all companies.</p> <p>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p> $C-MeX\ ASUQ = C-MeX\ Mean + (UKCSI\ ASUQ - UKCSI\ Mean) / UKCSI\ SD * C-MeX\ SD$ <p>where:</p> <ul style="list-style-type: none"> <li>• 'C-MeX Mean' is the mean average of all water companies' C-MeX scores;</li> <li>• 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys);</li> <li>• 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year;</li> <li>• 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year; and</li> <li>• 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies.</li> </ul> <p>The underlying methodology for the UKCSI may change during the 2020-25 period. We will continue to use future iterations of the UKCSI upper quartile, mean and standard deviation for the purposes of C-MeX. However, if the UKCSI methodology moves away from a league table approach such that we cannot quantify an upper quartile or no longer has a sufficient number of water companies in its sample, we will use the last appropriate UKCSI results instead in our in-period determinations.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will provide a statement that confirms whether the company offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year.</p> <p>Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.</p>
Measurement unit and decimal places	Score out of 100 to two decimal places

<b>Unique Reference</b>	<b>PR19HDD_G1</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The company's C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in the company's 'Allowed revenue appendix' or as updated following any interim determinations or in-period ODI adjustments in the 2020-25 period).
<b>Links to relevant external documents</b>	'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix' <a href="https://www.ccwater.org.uk/">https://www.ccwater.org.uk/</a> <a href="https://www.instituteofcustomerservice.com/">https://www.instituteofcustomerservice.com/</a>

## Incentive rates

Incentive type	Incentive rate (% of annual allowed residential retail revenue)
<b>Underperformance payment – standard rate</b> if company's score < median score	$(score - median) * (12\% / (median - minimum))$
<b>Deadband</b> If company's score = median score	0%
<b>Outperformance payment – standard rate</b> if company's score > median score	$(score - median) * (6\% / (maximum - median))$
<b>Outperformance payment – higher rate</b> (Applies if meeting the three gates for highest payments and additional to standard incentive rates)	<p>+6% if the company has the highest C-MeX score of companies passing the three gates</p> <p>+4% if the company has the second highest C-MeX score of companies passing the three gates</p> <p>+2% if the company has the third highest C-MeX score of companies passing the three gates</p>

### 1.1.15 D-MeX

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_G2
Detailed definition of performance measure	<p>D-MeX is a measure of customer satisfaction. A company's overall D-MeX score is calculated from two components that contribute equally:</p> <ul style="list-style-type: none"> <li>• qualitative D-MeX score, based on the ratings provided by developer services customers who transacted with the company throughout the reporting year to a customer satisfaction survey; and</li> <li>• quantitative D-MeX score, based on the company's performance against a set of selected Water UK performance metrics throughout the reporting year.</li> </ul> <p>The survey results which are used to calculate the qualitative component of the company's D-MeX score will be supplied by a survey agent appointed by Ofwat. This is supplied out of 100 to form the score for the qualitative component of D-MeX.</p> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score, in place at the time of PR19 final determinations publication, are set out in annex 2 of 'PR19 final determinations: Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'. For each metric, a percentage is reported and a simple average of these metrics is taken. This is rescaled to be out of 100 to form the score for the quantitative component of D-MeX.</p>
Additional detail on measurement units	<p>The company's D-MeX score is calculated using the following formula:</p> $D-MeX\ score = 50\% * Qual + 50\% * Quant$ <p>where:</p>

Unique Reference	PR19HDD_G2
	<ul style="list-style-type: none"> <li>• 'Qual' is a simple average of satisfaction scores given by developer customers surveyed in the developer customer satisfaction survey in the reporting year; and</li> <li>• 'Quant' is a simple average of the selected Water UK performance metrics which have non-zero volumes in the reporting year.</li> </ul> <p><b>Outperformance and underperformance payments</b></p> <p>The company's D-MeX incentive rate depends on its D-MeX score relative to those of other companies. Specifically, it depends on the company's score relative to the median company's score and either the highest or lowest performing company's score. This is demonstrated as follows:</p> <p><i>if score &gt; median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p><i>if score &lt; median :</i></p> $(score - median) * (12\% / (median - minimum))$ <p><i>if score = median :</i></p> <p style="text-align: center;">0%</p> <p>where:</p> <ul style="list-style-type: none"> <li>• 'score' is the company's D-MeX score in the reporting year;</li> <li>• 'median' is the median score of all companies' D-MeX scores in the reporting year;</li> <li>• 'maximum' is the highest score achieved by a company in the reporting year; and</li> <li>• 'minimum' is the lowest score achieved by a company in the reporting year.</li> </ul>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will report the process the company has taken to assure itself that its performance against the selected Water UK metrics in D-MeX are an accurate reflection of its underlying performance in the reporting year, and any findings that indicate this is not the case.

Unique Reference	PR19HDD_G2
	Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.
Measurement unit and decimal places	Score out of 100 to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	Water network plus and wastewater network plus. The allocation between both controls will vary each reporting year based on the relative outturn developer services revenues collected by the company for water and wastewater services.
Frequency of reporting	Annual
Any other relevant information	<p>The company's D-MeX payments are calculated by multiplying its incentive rate by its annual actual developer services revenue as reported for the following components (for each of water and wastewater):</p> <ul style="list-style-type: none"> <li>• connection charges;</li> <li>• infrastructure charge receipts – new connections;</li> <li>• requisitioned mains;</li> <li>• requisitioned sewers;</li> <li>• diversions; and</li> <li>• other contributions (price control).</li> </ul> <p>The Water UK metrics that form the basis of the quantitative component of D-MeX may change in the 2020-25 period. The Water UK metrics that contribute to the qualitative survey may change as well.</p> <p>In determining whether to make changes to D-MeX as a performance commitment in light of changes to the Water UK metrics, our decision will be based on the principles that revisions are in customer interests, support consistent and fair comparisons between companies and align with our wider duties. We will consult with stakeholders prior to making any changes.</p>

<b>Unique Reference</b>	<b>PR19HDD_G2</b>
<b>Links to relevant external documents</b>	<p>'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'</p> <p><a href="https://developerservices.water.org.uk">https://developerservices.water.org.uk</a></p>

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (% of annual actual developer services revenue)</b>
<b>Underperformance payment – standard rate</b> <b>if company's score &lt; median score</b>	$(score - median) * (12\% / (median - minimum))$
<b>Deadband</b> <b>If company's score = median score</b>	0%
<b>Outperformance payment – standard rate</b> <b>if company's score &gt; median score</b>	$(score - median) * (6\% / (maximum - median))$



## 1.2 Bespoke performance commitments

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

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

### 1.2.1 Number of complaints about drinking water quality

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_A2
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the taste and smell of drinking water, or due to drinking water not being clear, reported in absolute numbers.
Additional detail on measurement units	The consumer contact classification guidance is defined by the Drinking Water Inspectorate (DWI) in Information Letter 1/2006, 6 January 2006: <a href="https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/">https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/</a> Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance, taste and odour will be included in this measure.
Specific exclusions	See guidance above for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance, taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts reported to zero decimal places.
Measurement timing	Calendar year

<b>Unique Reference</b>	<b>PR19HDD_A2</b>
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	432	375	317	317	317
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		864	864	864	864	864
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		389	338	285	285	285
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.000679
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000566
<b>Outperformance payment - enhanced</b>	NA

## 1.2.2 Number of lead pipes replaced

**Purpose:** This performance commitment is designed to measure the number of lead pipes that the company replaces in order to reduce the levels of lead in tap water.

**Benefits:** This performance commitment protects public health by encouraging the company to reduce the number of lead service pipes, reducing the amount of lead in drinking water.

### Performance commitment definition and parameters

Unique Reference	PR19HDD_A3
Detailed definition of performance measure	<p>This performance commitment measures number of lead pipes replaced by the company.</p> <p>The goal of replacing these lead pipes is to reduce the amount of lead in water from the current standard of 10 µg/L to 5 µg/L. Lead reduction can only be maximised by changing both communication and supply pipes.</p> <p>The company owned communication pipe and customer owned supply pipe are not counted separately. Where both the supply pipe and the communications pipe are replaced, this will count as one replacement, not two.</p> <p>For communication pipe only replacements: only in the case where the company can demonstrate that customers have refused to have their supply pipes changed, or where the customer supply pipe has been identified as not being made of lead, can the replacement of a communication pipe alone at a property count towards this measure.</p> <p>For supply pipe only replacements: Only in the case where the company can demonstrate that the communication pipe is not made of lead can the replacement of a supply pipe alone at a property count towards this measure.</p> <p>If either the communication or supply pipe is a shared pipe serving several houses then the number counted will be based on the number of properties protected, as this is the overall aim.</p> <p>Replacement of lead pipes covers all activities, including pipes whose long-term lead health risk is removed through the use of innovative technologies developed in the future and approved by the Drinking Water Inspectorate. The new technology must be expected to provide at least the same</p>

Unique Reference	PR19HDD_A3
	<p>benefits to customers considering all factors including potential risks regarding drinking water, reduced disruption to customers and potential impacts on service such as reduced capacity or pressure drops if the technology relies on relining pipes.</p> <p>This measure will include lead pipes replaced;</p> <ul style="list-style-type: none"> <li>• as a result of a failure in a regulatory sample of greater than 5µg/l;</li> <li>• as a result of a customer request under Regulation 30(4)(b) of the Water Supply (Water Quality) Regulations 2000 (as amended); and</li> <li>• where the presence of lead is detected in a non-regulatory sample as part of our targeted proactive survey in a 'hot spot area' or school or nursery.</li> </ul>
<b>Additional detail on measurement units</b>	Pipes replaced will be captured through the company SAP system and categorised using a grid reference system to ensure that it only reports pipes that are located in its supply area.
<b>Specific exclusions</b>	This measure excludes pipes inside the customers' properties. It also does not include any lead communication or supply pipe replaced opportunistically as part of leakage or mains renewal activity.
<b>Reporting and assurance</b>	<p>The company will provide assurance around the process followed to confirm instances where a customer has refused an offer to have their lead supply and/or communication pipe replaced.</p> <p>This performance commitment is the customer protection for the 'Reducing Lead in Wales' cost assessment claim. Customers and stakeholders co-created this measure. In addition to the pipe replacement costs, there are wider costs allowed for strategies towards surveys, customer advice and communications. The company will set its own internal targets to monitor and report against the effectiveness of its work in these areas. The company will, at least once during the five year period, produce a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence.</p>
<b>Measurement unit and decimal places</b>	Number of lead communication and supply pipes replaced annually, reported to zero decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments

<b>Unique Reference</b>	<b>PR19HDD_A3</b>
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	50	75	35	35	35
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		200	300	140	140	140
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0011
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0010
Outperformance payment - enhanced	NA

### 1.2.3 Properties at risk of receiving low pressure

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B7
Detailed definition of performance measure	<p>The % reduction in number of properties receiving, or at risk of receiving, pressure below the low pressure reference level. This percentage reduction will be calculated against the 2019-20 baseline.</p> <p>This number of properties receiving, or at risk of receiving, pressure below the low pressure reference level is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance. The low pressure reference level is defined in the reporting guidance published 11 December, 2017 'Properties at risk of receiving low pressure':</p> <p><a href="https://www.ofwat.gov.uk/publication/properties-at-risk-of-receiving-low-pressure/">https://www.ofwat.gov.uk/publication/properties-at-risk-of-receiving-low-pressure/</a></p>
Additional detail on measurement units	The low pressure reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements.

<b>Unique Reference</b>	<b>PR19HDD_B7</b>
<b>Measurement unit and decimal places</b>	% reduction to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None



## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	%	NA	7	28	28	28	28
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000989
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.4 Length of river water quality improved

**Purpose:** This performance commitment incentivises the company to improve river water quality to meet the requirements of the Water Framework Directive (WFD).

**Benefits:** This performance commitment delivers improved river water quality benefits through improving the health and aesthetics of rivers. This will benefit the environment and users of the river enjoying recreational and other activities.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_C1																
Detailed definition of performance measure	<p>The number of kilometres of river benefiting from quality improvement work undertaken by the company to meet Water Framework Directive (WFD) objectives, in the reporting year.</p> <p>This performance commitment includes projects that deliver a fair share contribution towards an overall waterbody classification improvement under the WFD, the length of river is defined as the published overall length of the waterbody improved. A fair share means that the company will target to remove pollutants in proportion to its activities on the river environment.</p> <p>For improvements due to company actions that address a WFD failure at a specific river quality sampling point within a waterbody that, overall, complies with the relevant Environmental Quality Standard (EQS), the river length improved is defined as the length of river between the sewage works discharge point and the first compliant downstream river sampling point.</p> <p>For the purposes of this performance commitment, performance commitment levels are based on the following four schemes and any additional schemes completed by the company as agreed by Natural Resources Wales:</p> <table><tr><th>ID</th><th>Scheme</th><th>Driver</th><th>Km of river improved</th></tr><tr><td>7CST0107</td><td>Church Stoke (STW)</td><td>W_WFD_PG_IMP</td><td>19.3</td></tr><tr><td>7CST0111</td><td>Guilsfield STW</td><td>W_WFD_PG_IMP</td><td>7.8</td></tr><tr><td>7CST0123</td><td>Montgomery (STW)</td><td>W_WFD_PG_IMP</td><td>4.4</td></tr></table>	ID	Scheme	Driver	Km of river improved	7CST0107	Church Stoke (STW)	W_WFD_PG_IMP	19.3	7CST0111	Guilsfield STW	W_WFD_PG_IMP	7.8	7CST0123	Montgomery (STW)	W_WFD_PG_IMP	4.4
ID	Scheme	Driver	Km of river improved														
7CST0107	Church Stoke (STW)	W_WFD_PG_IMP	19.3														
7CST0111	Guilsfield STW	W_WFD_PG_IMP	7.8														
7CST0123	Montgomery (STW)	W_WFD_PG_IMP	4.4														

Unique Reference	PR19HDD_C1			
	7CST0126	Newtown (Dolfor Lock) STW	W_WFD_ PG_IMP	14.5
	<p>Schemes are considered completed when a revised permit to discharge (encompassing such new conditions as are pertinent to the agreed improvement) by Natural Resources Wales (NRW). Where more than one project contributes to the river quality improvement objective, outcome delivery shall will be based upon issuing of the last permit revision relevant to the improvement.</p>			
<b>Additional detail on measurement units</b>	<p>The length of river benefiting from an improvement will be measured on a per parameter basis. Where a sewage works improvement covers more than one discharge parameter, each improvement is measured individually, according to the rules set out above.</p> <p>River quality improvements to meet WFD objectives are assessed on a fair share load removal basis. To count as an improvement, the company shall deliver a load reduction sufficient to meet its fair share contribution to the overall load reduction needed to deliver a change in WFD classification for the parameter being improved. Fair share load removal requirements will be jointly agreed with NRW because they will be the basis upon which revised discharge permit conditions will be calculated. For the purposes of reporting against this performance commitment, the original fair share load calculations will be used.</p>			
<b>Specific exclusions</b>	<p>This performance commitment excludes any schemes that were confirmed on 1 April 2019 and designated “green”.</p> <p>The length of river counted will not include any downstream waterbodies, except where upstream improvements also deliver a fair share contribution towards an overall WFD improvement in the downstream waterbody. Where this is the case, confirmation of a fair share contribution must be agreed with NRW.</p> <p>River quality improvements in Wales arising from improvement works paid for in full by Severn Trent Water (for the purposes of improving downstream rivers in England) shall not count towards this performance commitment.</p> <p>Any lengths of river in England that benefit from improvements paid for in full by the company shall count towards this performance commitment. The NRW NEP3 includes improvements to the River Camlad, a cross border waterbody treated as being in Wales for WFD regulatory purposes.</p> <p>Due to ongoing uncertainty around possible new nutrient sensitive area designations under the Urban Wastewater</p>			

Unique Reference	PR19HDD_C1
	<p>Treatment Directive (UWWTD) in Wales – lengths of river improved under UWWTD are specifically excluded from the performance commitment, except where such an improvement also meets the WFD improvement criteria outlined above.</p> <p>NRW issue both the discharge permit and final sign off. Typically NRW issue the permits and then there is a small time lag before formal sign-off. Completion is counted once the discharge permit has been issued.</p>
Reporting and assurance	The company will ask NRW to confirm that performance has been correctly reported. The view of NRW will be definitive.
Measurement unit and decimal places	Kilometres (km) to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	<p>The company has two NEP documents, one relating to the former Dee Valley area (called SvT DvW NEP3 WR) and another relating to the former Severn Trent Area covering Powys, which has both waste and clean water obligations in it (called SvTW NEP 3 WQ). This is because the final NEPs were issued by NRW on March 29<sup>th</sup> 2018, prior to the licence change. NRW were therefore not in a position to combine them into one document.</p>
Links to relevant external documents	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	km	NA	0.0	0.0	0.0	46.0	0.0
<b>Enhanced underperformance collar</b>	km		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	km		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	km		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	km		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	km		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	km		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0196
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.0196
<b>Outperformance payment - enhanced</b>	NA

### 1.2.5 Hectares managed for biodiversity

**Purpose:** This performance commitment measures the area of land where the company will maintain or enhance biodiversity through catchment management approaches.

**Benefits:** This performance commitment will help the company increase levels of biodiversity and enhance the natural environment. Effective catchment management also helps prevent raw water quality deterioration.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_C2
<b>Detailed definition of performance measure</b>	<p>The hectares of land managed for biodiversity, or the hectares impacted by any catchment interventions where the company's action has:</p> <ul style="list-style-type: none"> <li>• maintained or enhanced SSSI (Site of Special Scientific Interest) status;</li> <li>• extended the presence of a priority species (Environment Act);</li> <li>• extended a semi-natural habitat; or</li> <li>• built/maintained a high wildlife value structure on third party land (that also improves raw water quality or resilience).</li> </ul> <p>Specifically, this performance commitment measures the number of hectares of land each year:</p> <ol style="list-style-type: none"> <li>1. That the company owns and are under an implemented biodiversity action plan (i.e. following an ecological survey the company has agreed an action plan to improve biodiversity and implemented identified improvements). The plan must be approved by a registered environmental body (such as Natural Resources Wales, or Wildlife Trust); and</li> <li>2. That, under a company-funded grant scheme, are supporting biodiversity on land that is not owned by the company but which it can influence.</li> </ol> <p>The company will work with expert stakeholders, including Wildlife Trusts and Natural Resources Wales, to develop the detailed criteria that is used to define the biodiversity enhancements. The decision on the final criteria will be taken by Natural Resources Wales. Assessment by Natural Resources Wales or Wildlife Trust after implementation of the agreed activity will confirm the number of hectares. The company can fund a third party to assess this on behalf of a Wildlife Trust.</p>

Unique Reference	PR19HDD_C2
<b>Additional detail on measurement units</b>	<p>The performance commitment covers the following categories of land and actions:</p> <ul style="list-style-type: none"> <li>• Land owned by the company that is a Site of Special Scientific Interest (SSSI) where the company's action contributes to the SSSI moving toward favourable status.</li> <li>• Other land owned by the company where action is taken to improve the habitat such that Section 7 priority species have an opportunity to thrive and multiply. This could be changes to land management practices. This element will be underpinned by site biodiversity action plans and the measures implemented subject to independent expert corroboration by bodies such as Local Wildlife Trusts.</li> <li>• Delivering all biodiversity related National Environment Programme (NEP) obligations, including removal of invasive non-native species, in partnership with third sector groups such as Wildlife and Rivers Trusts.</li> <li>• Changes to land management practices on land that the company does not own, delivered through partnership working with the agricultural community. This will be limited to a predefined set of qualifying measures that will be agreed with Natural Resources Wales. Validation that the agreed interventions funded by the company have been implemented will be through its catchment team inspections.</li> </ul>
<b>Specific exclusions</b>	There are biodiversity enhancements (e.g. as part of the Eels (England and Wales) Regulations 2009 (as amended) relating to other price controls which are not counted in this measure.
<b>Reporting and assurance</b>	The company will ask National Resources Wales to confirm that performance has been correctly reported. The view of National Resources Wales will be definitive.
<b>Measurement unit and decimal places</b>	Hectares to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	<p>50% water resources</p> <p>50% wastewater network plus</p>

<b>Unique Reference</b>	<b>PR19HDD_C2</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Hectares	NA	100.00	150.00	150.00	30.00	20.00
<b>Enhanced underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Hectares		60.00	90.00	90.00	18.00	12.00
<b>Underperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Hectares		150.00	225.00	225.00	45.00	30.00
<b>Enhanced outperformance cap</b>	Hectares		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.000833
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000833
<b>Outperformance payment - enhanced</b>	NA



## 1.2.6 Satisfactory sludge disposal

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

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

### Performance commitment definition and parameters

Unique Reference	PR19HDD_C3
Detailed definition of performance measure	<p>The disposal or use of sludge under this measure will be required to comply with version 3 of the Environment Agency's Environmental Performance Assessment (EPA) methodology (published November 2017), which includes compliance with environmental laws and industry agreements in effect at the date of final determination, including:</p> <ul style="list-style-type: none"> <li>• the Sludge (Use in Agriculture) Regulations 1989;</li> <li>• Environmental Permitting (England and Wales) Regulations 2010; and</li> <li>• Water company voluntary compliance with the Safe Sludge Matrix.</li> </ul> <p>The full methodology can be found here:  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</a></p>
Additional detail on measurement units	<p>Reporting is on the basis of tonnes dry solids (tds) disposed to agricultural land in a compliant manner as a percent of total raw tds production.</p> $\% \text{ compliant satisfactory disposal/use} = 1 - \left( \frac{\text{unsatisfactory use or disposal}}{\text{total raw tDS production}} \right) \times 100$ <p>The measurement includes all sludge that the company produces in its wastewater treatment process. It also includes all sludge traded; both imports and exports.  The company will ensure that:</p>

Unique Reference	PR19HDD_C3
	<ul style="list-style-type: none"> <li>• sludge imported from third parties meets the same disposal standards as sludge it produces and disposes of; and</li> <li>• sludge exported to third parties in England will be contractually assured to meet the company's own internal standards, and the Environment Agency's EPA requirements before being exported.</li> </ul>
<b>Specific exclusions</b>	<p>Exemptions are in line with the EPA definition, and will change in line with the EPA if these change in the future. In the most recent version of the EPA (v3) the following exemptions are included:</p> <ul style="list-style-type: none"> <li>• solids added during the sludge treatment process (e.g. lime added during the treatment process);</li> <li>• grit and screenings and water treatment sludge; and</li> <li>• treatment related breaches that do not result in non-compliant sludges or residual products going to any outlets.</li> </ul> <p>Incineration is considered an 'outlet' for these purposes rather than a treatment.</p>
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage, to two decimal places
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% Bioresources
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

## Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000907
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

## 1.2.7 Inspiring our customers to use water wisely

**Purpose:** To encourage more customers to pledge to use water wisely, use the wastewater service appropriately and drink tap water to avoid plastic bottles.

**Benefits:** Customers that deliver on pledges will use water more wisely, understand the impact that they may have on the sewer system and reduce the use of plastic bottles. This will lead to reduced water demand, reduced sewer blockages and environmental benefits.

### Performance commitment definition and parameters

Unique Reference	PR19HDD_D1
Detailed definition of performance measure	<p>The number of customers who pledge to change their water use behaviour based on the company's education programme. This performance commitment will report the number of engaged customers who agree to make a behavioural change and follow at least one of the following three target behaviours:</p> <ul style="list-style-type: none"> <li>• Using water wisely (not wasting water);</li> <li>• Knowing what not to put down the toilet and sink; and</li> <li>• Choosing tap water for a healthy you and a healthy environment (reducing plastics).</li> </ul> <p>For a customer's behavioural change commitment to count towards this measure, the customer must have participated in a face-to-face engagement session of at least 30 minutes' duration provided by the company. The company will invite its customers to agree to behavioural change commitments following this engagement and it will record the number of customers that agree to do this.</p>
Additional detail on measurement units	<p>If a customer agrees to change their behaviour in relation to more than one target behaviour during a single interaction, then the company will count this as a single commitment for the purposes of this measure. However, if a customer agrees to make separate commitments for different behaviours during multiple separate interactions, then the company will be able to count these as separate behaviour change commitments. If a customer pledges to change their behaviour in relation to the same target behaviour more than once only the first pledge will count towards the measure.</p>
Specific exclusions	None
Reporting and assurance	The company will, at least once during the five year period, publish a report to assess the benefits resulting from the

Unique Reference	PR19HDD_D1
	performance commitment, as far as possible based on primary evidence. This will include the relative success of different activity types and approaches. The company should also consider ways to share learning with other companies and wider stakeholders.
Measurement unit and decimal places	Number of customers agreeing to change one or more of the three target behaviours to zero decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
<b>Performance commitment level</b>	Number	NA	797	797	797	797	797
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.8 Sewer blockages

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

**Benefits:** This performance commitment will help reduce of the number of sewer flooding incidents and improve customer service.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_E3
<b>Detailed definition of performance measure</b>	<p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) reported on a reporting year basis.</p> <p>A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour.</p> <p>The full definition can be found in the sewer blockages reporting guidance published 11 December, 2017: <a href="https://www.ofwat.gov.uk/publication/sewer-blockages/">https://www.ofwat.gov.uk/publication/sewer-blockages/</a></p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	The company will not include proactively cleaned silt or other blockages that are removed which are not reported to it by customers or stakeholders and have no customer impact. The company will include blockages that are as a result of third party interference.
<b>Reporting and assurance</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Number of blockages to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus

<b>Unique Reference</b>	<b>PR19HDD_E3</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	290	287	283	279	276
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		265	265	265	265	265
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.001392
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000014
<b>Outperformance payment - enhanced</b>	NA



### 1.2.9 Reduction in the number of void supply points

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_F1
<b>Detailed definition of performance measure</b>	<p>The number of household and non-household properties classified as void as a percentage of the total number of household and non-household properties served by the company.</p> <p>Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.</p>
<b>Additional detail on measurement units</b>	The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.
<b>Specific exclusions</b>	Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
<b>Reporting and assurance</b>	No specific requirement
<b>Measurement unit and decimal places</b>	Percentage of household and non-household properties classed as void, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Outperformance and underperformance payments
<b>Incentive type</b>	Revenue
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% Residential retail

<b>Unique Reference</b>	<b>PR19HDD_F1</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	5.94	5.58	5.22	4.86	4.50
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		5.94	5.94	5.94	5.94	5.94
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		5.44	5.08	4.50	3.78	3.06
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.2.10 Non-household customer experience

**Purpose:** This performance commitment measures the satisfaction of non-household customers who are supplied by the company.

**Benefits:** This performance commitment will ensure that the satisfaction of non-household customers with the services provided by the company is measured and tracked so that non-household customers in Wales, most of whom cannot choose their retailer are protected from poor customer service.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_G3
Detailed definition of performance measure	<p>The average response of non-household customers asked the question "How satisfied are you with the way that Hafren Dyfrdwy handle your account?" They will be given a range of 5 = very satisfied and 1 = very dissatisfied scoring options.</p> <p>This performance commitment measures the satisfaction of non-household customers, using a tracker survey approach, who are supplied by the company. The survey will be carried out by a suitably qualified external third party.</p> <p>Non-household customers will be contacted by telephone and within a series of questions, they will be asked about their satisfaction.</p> <p>The sample will include customers selected at random, including customers who have had reason to contact the company (in relation to either a query or complaint) and those with unresolved issues.</p> <p>The company is working with CCWater to identify an appropriate sample size to get a statistically representative result whilst acknowledging the small non-household customer numbers. The company should publish the survey structure and format, including sample size, before the 2020-25 period commences once it is agreed with CCWater.</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>

<b>Unique Reference</b>	<b>PR19HDD_G3</b>
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
<b>Additional detail on measurement units</b>	The overall score will be the average score given by all non-household customers contacted throughout the year.
<b>Specific exclusions</b>	This performance commitment includes only non-household customers; household customers are excluded.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	The numeric average satisfaction score to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Outperformance and underperformance payments
<b>Incentive type</b>	Revenue
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% business retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	Number	NA	4.5	4.5	4.5	4.5	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		4.0	4.0	4.0	4.0	4.0
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		4.7	4.7	4.7	4.7	4.7
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.059
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.059
<b>Outperformance payment - enhanced</b>	NA

### 1.2.11 Welsh language services

**Purpose:** This performance commitment measures the company's percentage compliance with its Welsh language scheme.

**Benefits:** This performance commitment will help improve the experience of the company's Welsh speaking customers by improving the company's compliance with its Welsh language scheme.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_G4																					
Detailed definition of performance measure	<p>Percentage of the commitments made in the company's Welsh language scheme, with which it can demonstrate compliance.</p> <p>The commitments measured by this performance commitment are those that are confirmed by the Welsh language commissioner before 31 March 2020.</p> <p>The % compliance calculation will be based on the following calculation to ensure that each audit section is equally weighted (and not weighted by the number of questions within the section). Each section carries 10 points (60 points in total = 100% compliance):</p> <table><tr><th>Audit section</th><th>Number of questions</th><th>Section score calculation</th></tr><tr><td>1.1</td><td>9</td><td>Each yes answer is worth 1.1 points (10/9)</td></tr><tr><td>1.2</td><td>4</td><td>Each yes answer is worth 2.5 points (10/4)</td></tr><tr><td>1.3</td><td>3</td><td>Each answer is worth 3.3 points (10/3)</td></tr><tr><td>1.4</td><td>3</td><td>Each answer is worth 3.3 points (10/3)</td></tr><tr><td>1.5</td><td>4</td><td>Each yes answer is worth 2.5 points (10/4)</td></tr><tr><td>1.6</td><td>9</td><td>Each yes answer is worth 1.1 points (10/9)</td></tr></table>	Audit section	Number of questions	Section score calculation	1.1	9	Each yes answer is worth 1.1 points (10/9)	1.2	4	Each yes answer is worth 2.5 points (10/4)	1.3	3	Each answer is worth 3.3 points (10/3)	1.4	3	Each answer is worth 3.3 points (10/3)	1.5	4	Each yes answer is worth 2.5 points (10/4)	1.6	9	Each yes answer is worth 1.1 points (10/9)
Audit section	Number of questions	Section score calculation																				
1.1	9	Each yes answer is worth 1.1 points (10/9)																				
1.2	4	Each yes answer is worth 2.5 points (10/4)																				
1.3	3	Each answer is worth 3.3 points (10/3)																				
1.4	3	Each answer is worth 3.3 points (10/3)																				
1.5	4	Each yes answer is worth 2.5 points (10/4)																				
1.6	9	Each yes answer is worth 1.1 points (10/9)																				
Additional detail on measurement units	None																					
Specific exclusions	<p>Any additional requirements that may be required as a result of future changes in the Welsh language standards will be excluded from this assessment.</p> <p>Social media is not included in the list of functions / activities / areas audited as it does not fall within the scope of the Welsh Language Act.</p>																					

<b>Unique Reference</b>	<b>PR19HDD_G4</b>
<b>Reporting and assurance</b>	In addition to the business as usual assurance process, the company will obtain independent assurance by the Welsh Language Commissioner, or another suitable independent organisation no later than 2022-23. This will be used to both assure the assessment methodology and allow sufficient time to respond to any learning or improvements they identify.
<b>Measurement unit and decimal places</b>	Percentage of commitments to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<p>The company is considering how it can report its contribution towards the Well-being of Future Generations (Wales) Act national indicators. The two relevant national indicators are:</p> <ul style="list-style-type: none"> <li>• percentage of people who speak daily and can speak more than just a few words of Welsh; and</li> <li>• percentage of people who can speak Welsh.</li> </ul>
<b>Links to relevant external documents</b>	None

## Performance commitment levels

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

## Incentive rates

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



### 1.2.12 Help to pay when you need it

**Purpose:** The purpose of this performance commitment is to incentivise the company to increase the number of customers, who are struggling to pay their water bill, that receive financial support through one of the company's support tariffs.

**Benefits:** The benefit of this performance commitment is an increase in the number of customers receiving appropriate financial support which in turn could make these customers' bills more affordable.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_H2
<b>Detailed definition of performance measure</b>	<p>The percentage of those customers who find their bills unaffordable, including those who sometimes struggle to pay, who are supported through any help to pay scheme.</p> <p>The current support schemes offered by the company include:</p> <ul style="list-style-type: none"> <li>• Social tariff (Here2Help)</li> <li>• WaterSure</li> <li>• Water health Checks</li> <li>• Matching Plus</li> <li>• Payment Plan Concession</li> <li>• Payment Breaks</li> </ul> <p>Additional supports schemes can be included if approved by CCWater.</p> <p>The number of customers supported by schemes will be divided by the number of customers who find their bills unaffordable, including those who sometimes struggle to pay, which is for the purposes of this performance commitment assumed to be 13% of household customers each year.</p>
<b>Additional detail on measurement units</b>	<p>The number of customers supported by schemes will be calculated as follows:</p> <ul style="list-style-type: none"> <li>• The number of customers on the social tariff and WaterSure tariff will be taken as the number of customers on either scheme as at 31 March of the relevant year.</li> </ul>

Unique Reference	PR19HDD_H2
	<ul style="list-style-type: none"> <li>The number of customers supported through Water Health Checks, Payment Matching, Payment Plan Concession and Payment Breaks will be taken as the total number of customers helped, at any point, within the reporting financial year (i.e. 1 April – 31 March).</li> </ul>
Specific exclusions	NA
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
<b>Performance commitment level</b>	%	NA	70	71	72	72	73
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.13 Effectiveness of affordability support

**Purpose:** This performance commitment measures and monitors the success of the company's social tariff scheme 'Here2Help'.

**Benefits:** This performance commitment increases the quality and effectiveness of support given to customers on the company's social tariffs scheme by measuring and tracking how many of these customers stay out of debt following scheme completion.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_H3
<b>Detailed definition of performance measure</b>	<p>The percentage improvement from a 2019-20 baseline of the percentage of customers supported through the company's social tariff scheme ('Here2Help') who continue to pay their bill 12 months after the scheme has been completed.</p> <p>The number of customers being considered will take account of the following.</p> <ul style="list-style-type: none"> <li>• It will include all customers on the company's social tariff scheme 'Here2Help'.</li> <li>• The company will identify all the customers where 12 months has elapsed since the scheme end date.</li> <li>• The company will not include customers who did not complete the scheme due to non-payment.</li> </ul> <p>To calculate the number of those customers who are continuing to pay 12 months after the scheme has completed the following must be taken into account.</p> <ul style="list-style-type: none"> <li>• All payments in the 12 month period following the scheme end date will be reviewed. Customers who continue to pay their bills are those customers who are paying their agreed bill at the agreed frequency.</li> <li>• The 12 month period is based on 12 complete consecutive months. It will therefore be specific to each customer.</li> </ul> <p>The total number of customers who are continuing to pay their bill in the report year is divided by the total number of customers who have completed schemes in the previous report year, multiplied by 100.</p> <p>The company will publish the baseline for this performance commitment in its 2020 Annual Performance Report. There is only a performance</p>

Unique Reference	PR19HDD_H3
	commitment level for an increase of 10% from the 2019-20 baseline in the 2024-25 reporting year. However, the company will report progress towards this each year.
Additional detail on measurement units	None
Specific exclusions	<p>Customers on the WaterSure scheme are not included in this performance commitment since a large proportion of customers that benefit from this scheme are on it for medical reasons, the majority of which would be a lifetime illness.</p> <p>If a customer moves out of the area or ceases to have an account with the company, they will be removed from the calculation.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage improvement to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	%	NA	NA	NA	NA	NA	10.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.2.14 Supporting our priority service customers during an incident

**Purpose:** This performance commitment will measure the percentage of the company's vulnerable customers that receive support during clean water incidents.

**Benefits:** This performance commitment will ensure that all the company's vulnerable customers will receive the support they need during clean water incidents.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_H4
Detailed definition of performance measure	<p>The percentage of customers registered on the company's Priority Service Register (PSR) and who receive support from it during a clean water incident. A clean water incident can be either a water supply failure or water quality failure.</p> <p>A water supply failure is defined as any interruption that is included as part of the calculation of the common performance commitment 'water supply interruptions'.</p> <p>A water quality incident is defined as a failure of health based parameters, for example the detection of cryptosporidium at works, or any other contamination from operations from the distribution network. This excludes events of aesthetic failures (discolouration) or low pressure. The company's response should be as quick as practicable and not more than three hours.</p> <p>The number of PSR customers impacted by an incident will be calculated as those living in the area impacted by the incident. This is the final area that the company concludes was impacted by the incident taking all evidence into account.</p> <p>The number of PSR customers supported during incidents is divided by the total number of customers on the PSR which were affected by incident, multiplied by 100. Numbers will be recorded after each incident, but the calculation will be made for the reporting year.</p> <p>The targeted support which the company will provide to PSR customers during an incident is outlined below. The company will:</p> <ul style="list-style-type: none"> <li>• call customers registered under the 'dialysis need' code in the event of a water supply incident;</li> <li>• deliver bottled water to customers who require it as a result of their circumstances;</li> </ul>

Unique Reference	PR19HDD_H4
	<ul style="list-style-type: none"> <li>• communicate proactively via text message or recorded landline message to vulnerable customers affected by the incident;</li> <li>• communicate proactively via text message or recorded landline message to a customer's nominee if the vulnerable customer is in an incident affected area; and</li> <li>• Any other support customers require as a result of a specific incident.</li> </ul> <p>To be able to effectively carry out the above, the company will need to develop priority contact channels to enable customers in vulnerable circumstances (including those with transient needs) to identify themselves to the company during an incident.</p> <p>All relevant actions must be completed for each customer to count as being supported.</p> <p>The decision to issue bottled water alternative supplies should be triggered within three hours of a clean water incident, but it does not require all of the bottled water to have been delivered within the three hours. The company should aim to have dispatched the water within six hours.</p> <p>The communication elements of the service offering (contacting dialysis customers, proactive messaging and nominee messaging) should be mobilised within three hours.</p> <p>The company will not deliver bottled water or proactively message/call customers between the hours of 11:30pm and 5am, unless a customer has specifically requested this.</p>
<b>Additional detail on measurement units</b>	The Priority Service Register (PSR) is a record of consumers who have expressed a need for specific help or service
<b>Specific exclusions</b>	Discolouration and low pressure events are out of scope of this performance commitment.
<b>Reporting and assurance</b>	The company will also seek and publish the view of CCWater on the quality of the assistance it has offered to PSR customers during an incident.
<b>Measurement unit and decimal places</b>	Percentage of customers to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA



<b>Unique Reference</b>	<b>PR19HDD_H4</b>
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

## Incentive rates

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

### 1.2.15 Delivery of national environment programme requirements

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_NEP01
<b>Detailed definition of performance measure</b>	<p>Has the company “met” or “not met” all of its requirements for NEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest NEP programme published by National Resources Wales (NRW). If any scheme is not delivered by the time specified in the NEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All NEP schemes will be included including those reported under other performance commitments.</p>
<b>Additional detail on measurement units</b>	<p>The performance commitment will measure against the latest NEP tracker in the reporting year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest NEP programme on the 31st March 2021 and the schemes which have been delivered by this date.</p>
<b>Specific exclusions</b>	None

<b>Unique Reference</b>	<b>PR19HDD_NEP01</b>
<b>Reporting and assurance</b>	<p>The company will secure confirmation from Natural Resources Wales that performance has been correctly reported. The view of the Natural Resources Wales will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
<b>Measurement unit and decimal places</b>	Text stating either “met” or “not met”.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

## Performance commitment levels

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

## Incentive rates

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

### 1.2.16 Improving reservoir resilience

**Purpose:** This performance commitment measures the progress the company is making in addressing the legally binding safety works raised under Section 10 of the Reservoir Act 1975 in a timely manner.

**Benefits:** Delivery of the reservoir safety programme will reduce the individual and societal risks presented by reservoir failure. It will also ensure that the company has resilient raw water supplies in the future.

#### Performance commitment definition and parameters

Unique Reference	PR19HDD_B8
Detailed definition of performance measure	<p>This performance commitment measures the percentage completion of the “matters in the interest of safety” raised by the independent Reservoir Inspecting Engineer as part of the statutory (Section10) inspections for 9 of the 11 reservoirs that are due for inspection during 2020-25. Satisfactory completion will be determined by reservoir safety regulators Natural Resources Wales.</p> <p>The Section 10 reports provide thorough reviews of the safety of dams against today’s design standards. These reports itemise all findings and identify which works are required to render reservoirs safe. These works are termed “measures in the interests of safety”. 100% of these must be corrected within the prescribed timescale which is no longer than three years following the date of the inspection. The inspection due dates vary between 2019 and 2022, so all “matters of safety” will have to be addressed by latest December 2025.</p> <p>When the formal inspections are carried out the company will have a firm indication of the detailed matters in the interests of safety for each reservoir. To score its performance, the company’s planned approach is to treat each reservoir equally, so that each reservoir contributes in equal weight to the 100% overall score. The total number of matters of safety for each of the 11 reservoirs will be scaled to account for 9.1% of the total 100%. This means that each time all matters in the interests of safety for a reservoir are signed off then the company will have achieved 9.1% completion. This is set out in the table below. Societal risk reduction will be achieved following the completion of these works.</p>
Additional detail on measurement units	Delivery will be assessed in reporting years. The due dates are outlined below:

Unique Reference	PR19HDD_B8		
	<b>Assessment year</b>	<b>Applicable reservoirs</b>	<b>% complete</b>
	2020-21	None	0
	2021-22	Marchwiell (due Dec 2018)	9.1
	2022-23	Ty Mawr, Pendinas, Cae Llwyd (all due Dec 2019)	36.4
	2023-24	None	36.4
	2024-25	Penycae Lower, Penycae Upper, Nant-y-Geifr, llyn Cfynwy, Nant-y-Frith, Pant Glas, Pen-y-Gwely	81.8
	Some completion dates are currently forecast to be by December 2025, however under the Reservoirs Act 1975 there is provision to bring Section 10 inspections forward so that works on all the reservoirs can be completed by 1 April 2025.		
<b>Specific exclusions</b>	None		
<b>Reporting and assurance</b>	<p>An annual progress review will also be given by the company's Supervising Engineers as part of the annual report, this will include the percentage completion of the matters in the interest of safety that have been addressed or are in progress. Final sign off of all matters of safety will be done by Independent Construction Engineers as part of the established statutory requirements.</p> <p>The company will secure confirmation from Natural Resources Wales that performance has been correctly reported. The view of the Natural Resources Wales will be definitive.</p>		
<b>Measurement unit and decimal places</b>	Percentage completion to one decimal place		
<b>Measurement timing</b>	Reporting year		
<b>Incentive form</b>	Revenue		
<b>Incentive type</b>	Underperformance payments for 2024-25 only		
<b>Timing of underperformance and outperformance payments</b>	End of period		
<b>Price control allocation</b>	100% water resources		

<b>Unique Reference</b>	<b>PR19HDD_B8</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	0.0	9.1	36.4	36.4	81.8
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.0032
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA



## Annex 1: Key performance commitments for Hafren Dyfrdwy

Details of the key performance commitments that we present in Table 1.2 of 'PR19 final determinations: Hafren Dyfrdwy', and their corresponding calculations, are provided in the table below.

Except where otherwise stated below, we calculate the required annual level of improvement for each performance commitment as the difference between the final determination 2024-25 performance commitment level and the company's 2019-20 forecast:

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

The calculations are not relevant for the Leakage and Per capita consumption (PCC) performance commitments because these are set on a percentage reduction basis from baseline.

Key common performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> <li>39% reduction in pollution incidents by 2024-25 *</li> </ul>	$\frac{(97 - 158)nr \text{ incidents}/10,000network}{158nr \text{ incidents}/10,000network} \times 100 = -39\%$
<ul style="list-style-type: none"> <li>23% reduction in internal sewer flooding incidents by 2024-25 *</li> </ul>	$\frac{(1.34 - 1.74)nr \text{ incidents}/10,000connections}{1.74nr \text{ incidents}/10,000connections} \times 100 = -23\%$
<ul style="list-style-type: none"> <li>58% reduction in water supply interruptions by 2024-25*</li> </ul>	$\frac{5min - 11min52sec}{11min52sec} \times 100 = -58\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> <li>11% increase in the percentage of struggling to pay customers supported through tailored schemes by 2024-25</li> </ul>	$\frac{(73 - 66)\%}{66\%} \times 100 = +11\%$
<ul style="list-style-type: none"> <li>6% reduction in sewer blockages on the company's network by 2024-25</li> </ul>	$\frac{(276 - 293)nr \text{ blockages}}{293nr \text{ blockages}} \times 100 = -6\%$
<ul style="list-style-type: none"> <li>230 lead pipes replaced, including both communication and supply pipes, consistent with Welsh Government priorities</li> </ul>	<i>This is the target as specified in the relevant performance commitment.</i>

\*September 2018 submission data is used to calculate these values.

## **Annex 2: Changes to performance commitments during the price control period**

### **Introduction**

In the PR19 Final Methodology (p56) we state that:

- Companies should commit to keeping the definitions of their performance commitments unchanged during 2020-25 and, if any unavoidable changes are required, to follow our procedures for changes.
- Companies should commit that their ODI payments will only relate to real performance changes and not definitional, methodological or data changes in the performance commitment.

We will be mindful of these points when we are assessing companies' performance against their commitments and ODIs during the 2020-25 period.

The purpose of this Annex is to provide clarity on our expected approach, in the event that a change to an element of a performance commitment is proposed.

### **PR19 performance commitments**

Some PC definitions include references and/or links to materials, many of which are intended to be applied in the detailed interpretation of those definitions. These may include links on Ofwat's website (and materials embedded on that site) and also references and/or links to materials which have a variety of owners and are not necessarily in our control. In some cases, the performance commitment definition incorporates materials produced by a third party (for example, the Environment Agency, National Resources Wales, or Drinking Water Inspectorate).

Because such third parties may decide to make changes to their materials, in general we are setting PC definitions based on the versions of those materials which are in effect at the date of our PR19 final determination<sup>1</sup>, that is we include references and/or links to a specific version as of a certain fixed date, or refer to the material that is in effect at the time of PR19 final determination publication. These materials should be considered authoritative for the 2020-25 period and changes to performance commitment definitions (particularly where we consider these may result in a material change to the performance expectations or financial consequences for companies or customers) will only be made by exception. Examples of the circumstances in which a change to a performance commitment definition may be appropriate, and the ways in which we expect to address these, are set out below.

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<sup>1</sup> We may make an exception, in certain instances, to incorporate materials as revised from time to time. Examples include certain accreditations or registrations, certain legislative instruments and certain indices or other measures that are expected to move over time.

## Procedures for changing performance commitments

Our procedures for changing performance commitment appendices broadly align to existing practice in the 2015-20 period, but reflect that most ODIs are subject to annual in-period determinations in the 2020-25 period.

## Errors in performance commitments

We use a similar process to that which applies in the 2015-20 period for **unambiguous errors**.

If a company identifies an unambiguous error in any aspect of the performance commitment, it should notify us as soon as possible, setting out clearly:

- what the error is;
- why it is an unambiguous error;
- why the error has only been identified at this point;
- what correction the company considers is necessary to rectify the error; and
- how the company has engaged with its customers and other relevant organisations on the proposed correction.

We will consider the explanation and decide whether we consider that the error is unambiguous, if a correction is necessary and what that correction should be. We will also look for independent assurance from the company's Customer Challenge Group or equivalent that the company has appropriately engaged its customers and that this is reflected in the company's proposed correction.

If we identify an unambiguous error, we will notify the company and other stakeholders, giving reasons.

We will correct an unambiguous error by issuing a corrigendum on our website.

## Changes to third party materials referred to in performance commitment definitions

In some cases, the performance commitment definition incorporates material produced by a third party. Because, in general, performance commitment definitions are fixed at the date of our PR19 final determination, they do not incorporate subsequent changes made by third parties to these materials.

Where a change has been made by a third party to these materials and where a company considers these changes should be incorporated in the performance commitment definitions and should affect our assessment of company performance against PC levels and consequential ODIs, we expect companies to notify us as soon as they become aware of possible changes to such third party materials. We expect the company to tell us why such a change should be made, providing supporting evidence and its views on how to deal with the timing of any change.

As a default, we expect that any changes will apply from the beginning of the next charging year, but we recognise that there may be circumstances where it may be more appropriate for a change to apply from part-way through a charging year (for example, to align with a measure reported for another regulator).

We will aim to consult with stakeholders proportionately as to our treatment of such changes prior to the in-period ODI determination process, so that these can be properly taken into consideration and companies know what data to report to us.

We will notify stakeholders of approved changes and issue updates to performance commitments on our website.

### **Improvements to performance commitment definitions in customers' interests**

A company may propose a change to a performance commitment definition if it can prove to our satisfaction that such change will represent a material improvement which is in customers' interests (this might cover changes to reporting or assurance requirements for example). There will be a high bar for accepting any changes. The company will need to explain to us the impact of the proposed change, including the financial consequences for the company and customers, and provide us with compelling evidence as to why it represents a material improvement which is in customers' interests.

If a company suggests an improvement to a PC definition we expect it to engage with its customers and relevant stakeholders and seek their views on if the new measure represents a material improvement which is in customers' interests, making it clear to them what customers can expect from the change in relation to both the company's performance and any associated financial consequences. This engagement should be carried out in a timely manner so that the company proposal can be finalised and the company can respond to the revised incentives from the new measure. Any engagement should be proportionate to the proposed change. The company should refine the measure in line with the feedback from customers and stakeholders. We expect customer challenge groups, or an equivalent, to challenge the company on the proportionality and quality of this engagement and the degree to which the results of this engagement are reflected in the company's proposal. The proposed new measure and any supporting independent assurance should be published on the company website and submitted to us at the time. This is to include a full account of the engagement undertaken including methodology, sample selection, materials used and results.

We will aim to consult with stakeholders proportionately as to our treatment of such changes prior to the in-period ODI determination process so that these can be properly taken into consideration and companies know what data to report to us.

Where we consider that a proposed change for an in-period performance commitment definition is appropriate, we expect the change to apply from the beginning of the next charging year.

Where there is insufficient and/or unconvincing evidence that the proposed change represents a material improvement we will continue to use the existing definition.

We will notify stakeholders of approved changes and issue updates to PC definitions on our website.

### **Reconciling ODIs following changes**

We consider that in-period ODI determinations are the best way to ensure that companies are incentivised to perform. However, we recognise that there may be occasions where it is not appropriate to translate company performance into adjustments to Price Controls where a change in the performance commitment appendix is made. Should such occasions arise, we will take company performance in the period 2020-25 fully into account at PR24.

Where changes are made further to a request to improve a PC definition, in-period determinations already undertaken will not be re-determined retrospectively. The following years' in-period determinations could be undertaken on the new basis, or could continue to be based on the existing definition and any difference applied at PR24. This will be decided on a case-by-case basis. In this latter case, following publication of its proposed change, the company should capture information in accordance with the changed performance commitment definition in addition to the existing definition. The company should report both measures to its customers and other stakeholders on an on-going basis. The reconciliation at PR24 would, where applicable, be in addition to any in-period determinations and could lead to changes in amounts from those that would be determined, which may be positive or negative. Any changes would be applied to customers' bills in the 2025-30 period or beyond.

### **“Bespoke” adjustments to performance commitments**

Where any additional or different procedures are required for particular PCs these are specified in the relevant PC template.

This includes where the PC definition is under development or where it explicitly mentions a specific future change that may be made to it. In these cases, for example PC definitions relating to certain Delivering Procurement for Customers (DPC) projects, the process for developing the PC during 2020-25 is set out in the relevant PC template (to the extent that it differs in any respect from the change processes set out above). We expect companies to follow the development approach or change process set out or referred to in the performance commitment.

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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