

December 2019

# PR19 final determinations

**Portsmouth Water – Outcomes performance  
commitment appendix**

## **PR19 final determinations: Portsmouth Water – Outcomes performance commitment appendix**

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

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

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

The appendix provides the following information on each performance commitment:

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

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

- Companies should commit to keeping the definitions of their performance commitments unchanged during 2020-25 and, if any changes are required, to follow our procedures for changes.
- Companies should commit that their 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 and outcome delivery incentives 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	PR19PRT_PRT-Network Plus-01
<b>Detailed definition of performance measure:</b>	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 at <a href="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>	100% water network plus

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-01</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	-0.113
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	PR19PRT_PRT-Network Plus-02
<b>Detailed definition of performance measure</b>	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on 27 March 2018:</p> <p><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>
<b>Additional detail on measurement units</b>	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ $\text{Total number of properties supplied (year end)} = \text{average number of minutes lost per customer}$ <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>PR19PRT_PRT-Network Plus-02</b>
	Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	ODI rate applies on a per minute basis.
<b>Links to relevant external documents</b>	NA



## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	HH:M M:SS	NA	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00
<b>Enhanced underperformance collar</b>	HH:M M:SS		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	HH:M M:SS		00:22:45	00:22:45	00:22:45	00:22:45	00:22:45
<b>Underperformance deadband</b>	HH:M M:SS		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	HH:M M:SS		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	HH:M M:SS		00:02:47	00:02:28	00:02:10	00:01:52	00:01:30
<b>Enhanced outperformance cap</b>	HH:M M:SS		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.069
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.069
<b>Outperformance payment - enhanced</b>	NA

### 1.1.3 Leakage

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-07
<p><b>Detailed definition of performance measure</b></p>	<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: <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>
<p><b>Additional detail on measurement units</b></p>	<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 2019-20 performance commitment level and the actual level for</p>

Unique Reference	PR19PRT_PRT-Network Plus-07
	<p>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>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<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	3.1	6.2	9.2	12.2	15.2
<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>Underperformanc e 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>	%		18.8	21.9	24.9	27.9	30.8
<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	-0.160
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.134
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	PR19PRT_PRT-Water Resources 03
<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:  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/">https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
<b>Additional detail on measurement units</b>	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels</p>

<b>Unique Reference</b>	<b>PR19PRT_PRT-Water Resources 03</b>
	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>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	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	1.3	2.5	3.8	5.0	6.3
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		-8.6	-8.6	-8.6	-8.6	-8.6
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		4.6	5.8	7.1	8.3	9.6
<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	-0.033
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.028
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	PR19PRT_PRT-Network Plus-03
<b>Detailed definition of performance measure</b>	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on 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> It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
<b>Additional detail on measurement units</b>	Mains repairs – This includes all physical repair work to mains from which water is lost. Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company’s active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.



<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-03</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>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	number	NA	73.8	72.4	71.2	70.0	68.6
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.024
<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	PR19PRT_PRT-Network Plus-04
<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 (Ml/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) (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/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>PR19PRT_PRT-Network Plus-04</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
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	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)
<b>Underperformance payment - standard</b>	-0.190
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	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

<b>Unique Reference</b>	<b>PR19PRT_PRT-Water Resources-04</b>
<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> $\textit{At risk if, } DO - OA < DD + TH$ <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 (ie population of a water resource zone) by the total number of customers served by the company.</p>
<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>Unique Reference</b>	<b>PR19PRT_PRT-Water Resources-04</b>
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	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	0.8	0.8	0.8	0.7	0.3
<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

### 1.1.8 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	PR19PRT_PRT-Retail-05
<b>Detailed definition of performance measure</b>	<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>



Unique Reference	PR19PRT_PRT-Retail-05
<b>Additional detail on measurement units</b>	<p>The performance commitment is calculated using the following formulas:</p> $PSR\ Reach = \left( \frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left( \frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left( \frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <p>PSR [households] – Number of households on the PSR (recorded on 31 March)  Total households – Total number of households served (recorded on 31 March)  Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)  Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March))</p>
<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>	PSR reach: percentage of applicable households, reported to one decimal place.

<b>Unique Reference</b>	<b>PR19PRT_PRT-Retail-05</b>
	Actual contacts: percentage of applicable households, reported to one decimal place. Attempted contacts: percentage of applicable households, reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**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	2.0	3.7	5.5	7.3	9.0
<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 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	PR19PRT_PRT-Retail-01
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>

Unique Reference	PR19PRT_PRT-Retail-01
<p><b>Additional detail on measurement units</b></p>	<p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> $C\text{-MeX score} = 50\% * CS\text{-CSAT} + 50\% * CE\text{-CSAT}$ <p>Each CSAT score is rescaled to be out of 100. 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> <p><b>Standard payments</b></p> <p>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><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 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>

Unique Reference	PR19PRT_PRT-Retail-01
	<p data-bbox="528 327 991 360"><b>Higher performance payments</b></p> <p data-bbox="528 409 1385 757">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 receive an additional 6% regardless of whether it is has the highest C-MeX score across all companies.</p> <p data-bbox="528 808 1377 909">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 data-bbox="528 1088 624 1122">where:</p> <ul data-bbox="560 1133 1385 1659" 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 data-bbox="528 1671 1385 1984">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>

<b>Unique Reference</b>	<b>PR19PRT_PRT-Retail-01</b>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	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. Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.
<b>Measurement unit and decimal places</b>	Score out of 100 to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	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

<b>Incentive type</b>	<b>Incentive rate (% of annual allowed residential retail revenue)</b>
<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> <b>(Applies if meeting the three gates for highest payments and additional to standard incentive rates)</b>	<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>



### 1.1.10 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	PR19PRT_PRT-Network Plus-11
<p><b>Detailed definition of performance measure</b></p>	<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>
<p><b>Additional detail on measurement units</b></p>	<p>The company's D-MeX score is calculated using the following formula:</p> $D\text{-MeX score} = 50\% * Qual + 50\% * Quant$ <p>where:</p>

Unique Reference	PR19PRT_PRT-Network Plus-11
	<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.

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-11</b>
	Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.
<b>Measurement unit and decimal places</b>	Score out of 100 to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	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.
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	<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>PR19PRT_PRT-Network Plus-11</b>
<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://developerservices.water.org.uk">https://developerservices.water.org.uk</a>

### Incentive rates

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

**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	PR19PRT_PRT-Network Plus-06
<b>Detailed definition of performance measure</b>	The number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, reported per 1,000 population. Calculation is the number of contacts for appearance plus all taste/odour contacts multiplied by 1,000 divided by the resident population as reported to Drinking Water Inspectorate (DWI).
<b>Additional detail on measurement units</b>	The consumer contact classification guidance is defined by the DWI in <i>Information Letter 1/2006</i> , 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.
<b>Specific exclusions</b>	See guidance above for a full list of exclusions.
<b>Reporting and assurance</b>	The company is also expected to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-06</b>
<b>Measurement unit and decimal places</b>	Number of consumer contacts per 1,000 population, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	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 data from the calendar year 2020.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	0.44	0.43	0.43	0.42	0.41
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.544
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.2 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	PR19PRT_PRT-Network Plus-05
<b>Detailed definition of performance measure</b>	<p>The number of properties receiving or at risk of receiving pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance.</p> <p>The low pressure reference level is defined in the reporting guidance, published in 2017:  <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>
<b>Additional detail on measurement units</b>	The low pressure reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of properties to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA



<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-05</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	60	50	40	30	18
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.00189
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.3 Catchment management

**Purpose:** This performance commitment is designed to incentivise the company to engage with farmers about their land management practices in order to try and protect groundwater quality.

**Benefits:** This performance commitment will improve raw water quality sourced from groundwater sources and protect them from any deterioration.

#### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-08
<p><b>Detailed definition of performance measure</b></p>	<p>The number of farmers engaged with that have committed, following engagement, to undertake and implement a Farm Management Plan that includes a nutrient management plan so that farmers and landowners do not use more nutrients than the crop or soil needs.</p> <p>The engagement activities will be focused on farms and farmers in non-priority areas associated with each groundwater safeguard zone. These areas will have been identified as being at risk of raw water quality deterioration. Engagement activities should include provision of training and support to farmers for good nutrient management planning.</p> <p>The company will engage with the Environment Agency and Natural England on the nature and scale of the risks to raw water quality in these areas, the proposed land areas to be targeted as well as the relative prioritisation and targeting of farms and farmers by the end of 2019-20. The company will obtain written agreement from the Environment Agency and Natural England on these points.</p> <p>The company will provide a list of catchment management interventions to farmers that will help reduce any risks posed to groundwater quality. Following engagement activity with the company, the farmers must commit to uptake one or more of these interventions in order to count towards this performance commitment. The list of agreed potential interventions to be should be agreed with appropriate expert stakeholders (for example Natural England or the Environment Agency) in advance of the 2020-25 period.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company will engage with relevant stakeholders throughout 2020-25 in order to ensure that the list of catchment interventions is relevant and up to date and that appropriate farmers and land managers are being targeted.</p>

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-08</b>
	<p>To count towards the achievement of this performance commitment, a 'farmer' can be either the land owner or the land manager. However, only one 'farm' can count towards this performance commitment. The farm owner and land manager cannot both be included in the measurement. The company has identified 75 potential farms in non-priority areas. Each farm from this list can only be counted once.</p> <p>The company will provide the list of farms, its current view of prioritisation and the agreed catchment interventions as part of its Annual performance Report.</p>
<b>Specific exclusions</b>	If a farmer or land manager does not take up any activities, the engagement activity will not count towards the measurement of the performance commitment.
<b>Reporting and assurance</b>	<p>The company will keep ongoing records of which measures are most successful in terms of benefits to the environment and customers.</p> <p>The company will also keep up to date records of which measures are being implemented at which farms and how they have ensured the farmer or land manager implemented the chosen activity.</p>
<b>Measurement unit and decimal places</b>	Number of farmers engaged with that have committed, following engagement, to implement changes to current land management practices to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	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	10	20	30	40	50
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.000800
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000400
<b>Outperformance payment - enhanced</b>	NA

## 1.2.4 Abstraction incentive mechanism

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

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

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-02
<b>Detailed definition of performance measure</b>	<p>The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included one site for the period 2020-25: PRT_AIM1: The trigger threshold for this site is 0.1 cubic meters per second and it has a baseline of 18.8 Megalitres per day (MI/d).</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published in 2016: <a href="https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</a></p>
<b>Additional detail on measurement units</b>	<p>AIM performance is measured in megalitres (MI) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold.</p> <p>AIM performance in MI = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.</p> <p>For example, in the circumstance that the AIM baseline is 5 MI/day and the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the</p>

<b>Unique Reference</b>	<b>PR19PRT_PRT-Water resources-02</b>
	trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of (4 MI/day minus 5 MI/day)*100 days = -100 MI. A negative number signifies an improved performance as average abstraction is less than the baseline.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	No specific requirements.
<b>Measurement unit and decimal places</b>	Megalitres to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% Water Resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Megalitres	NA	0.0	0.0	0.0	0.0	0.0
<b>Enhanced underperformance collar</b>	Megalitres		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Megalitres		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Megalitres		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Megalitres		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Megalitres		-1.7	-1.7	-1.7	-1.7	-1.7
<b>Enhanced outperformance cap</b>	Megalitres		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0190
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.0168
<b>Outperformance payment - enhanced</b>	NA

## 1.2.5 Biodiversity reward

**Purpose:** This performance commitment is designed to incentivise the company to collaborate with third parties through the provision of grants in order to fund projects that protect and enhance biodiversity.

**Benefits:** This performance commitment will improve levels of biodiversity and protect the environment by awarding funding to third parties to deliver projects that target biodiversity benefits.

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-01
<p><b>Detailed definition of performance measure</b></p>	<p>The value of grants awarded to third parties for projects and activities that promote and enhance biodiversity in the 2020 to 2025 period.</p> <p>The company will establish a grant scheme to be used for:</p> <ul style="list-style-type: none"> <li>• priority biodiversity projects identified on Portsmouth Water owned or tenanted land, or</li> <li>• capital grant schemes for biodiversity or knowledge enhancement projects located within the company's catchments.</li> </ul> <p>To obtain funding the project must have a link to the ultimate outcome ('an improved environment supporting biodiversity'). Projects should therefore provide clear evidence that they will enhance biodiversity, enhance catchments, enhance wetlands or support a protected species.</p> <p>The company will specify a panel of experts, including external partners, who will assess each application against a predetermined set of criteria. The criteria set will include, but not be limited to, cost, value for money and deliverability. Grant submissions will be awarded on the basis of the score against these criteria. The panel of experts will have relevant expertise in the areas covered by the scope of this performance commitment.</p> <p>The recipients of grants will be required to provide updates on the progress of their particular project or study to the panel, including updates on any agreed success criteria.</p> <p>Grant applications will be supported with appropriate references, CVs and prior examples of managing similar projects. The company should withhold part of the fund until the final report from the relevant third party is delivered including any monitoring.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company will provide Ofwat with the panel membership details, project success criteria and the governance</p>



<b>Unique Reference</b>	<b>PR19PRT_PRT-Water resources-01</b>
	processes they will put in place to ensure successful delivery of this performance commitment prior to the 2020-25 period commencing for endorsement.
<b>Specific exclusions</b>	<p>Grants will not be awarded, and therefore not count towards the measurement of performance commitment, that do not qualify for funding under the success criteria the company agrees in advance with its panel of experts.</p> <p>The following types of project are excluded from the measurement of this performance commitment:</p> <ul style="list-style-type: none"> <li>• the company’s own research and development activity;</li> <li>• business as usual delivery of capital projects by contractors; and</li> <li>• repair and maintenance or other framework contracts.</li> </ul>
<b>Reporting and assurance</b>	<p>The company will publish an annual report documenting progress on outcomes and benefits to customers resulting from awarded grant schemes.</p> <p>The company will publish an assurance report from an external third party that:</p> <ul style="list-style-type: none"> <li>• projects qualifying for grants have been awarded on the basis of the agreed suite of consistent success criteria; and</li> <li>• that any third parties awarded grants have met the requirements for reporting and demonstrating success.</li> </ul>
<b>Measurement unit and decimal places</b>	Value of grants in £m to three decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments for 2024-25.
<b>Timing of underperformance and outperformance payments</b>	End-of-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	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>	£m	NA	0.050	0.100	0.150	0.200	0.250
<b>Enhanced underperformance collar</b>	£m		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	£m		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	£m		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	£m		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	£m		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	£m		NA	NA	NA	NA	NA

**Incentive rates**

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.186
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.186
<b>Outperformance payment - enhanced</b>	NA

## 1.2.6 Biodiversity penalty

**Purpose:** This performance commitment will incentivise the company to improve the biodiversity on its land.

**Benefits:** Improved land management delivers biodiversity and environmental improvements as well as cost-effective protection against raw water deterioration

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-06
<b>Detailed definition of performance measure</b>	<p>Percentage of sites with identified priority habitat that are in good stewardship each year.</p> <p>Priority habitats are those identified as being most threatened and requiring conservation.</p> <p>The company will agree with Natural England, the Hampshire &amp; Isle of Wight Rivers Trust, relevant local authorities, the Environment Agency and the National Trust, by 2019-20, the number of sites that are covered by this performance commitment in the period 2020-25.</p> <p>The above stakeholders will also agree and document, by 2019-20, the expectations and requirements for each of these sites in terms of promoting and managing biodiversity. This will be the agreed work programme for 2020-25.</p> <p>The definition of good stewardship will be agreed and documented with the above stakeholders along with the process for completing assessments prior to 2020-25. In cases of dispute the definition of good stewardship will be made by Natural England.</p> <p>The company should publish the agreed list of sites that qualify for this performance commitment and the individual site requirements agreed with stakeholders in its 2019-2020 annual performance report.</p>
<b>Additional detail on measurement units</b>	<p>Successful completion will be agreed and endorsed by an appropriate third party (e.g. Natural England) after implementation of any agreed activity.</p>
<b>Specific exclusions</b>	<p>The 'biodiversity penalty' performance commitment does not in any way impact the similarly named 'biodiversity reward' performance commitment.</p>
<b>Reporting and assurance</b>	<p>The company will publish an assurance report from an external third party that evidences:</p> <ul style="list-style-type: none"> <li>• how each site claimed has been managed according to the agreed work programme for 2020-25.</li> <li>• how each site claimed fulfils the agreed definition of good stewardship.</li> </ul>

<b>Unique Reference</b>	<b>PR19PRT_PRT-Water resources-06</b>
	Progress will be reviewed with the Customer Challenge Group and Natural England every six months.
<b>Measurement unit and decimal places</b>	Percentage of sites 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>	The company has a legal obligation to promote biodiversity on its operational sites under the Water Industry National Environment Programme (WINEP). The WINEP3 was published March 2018. Associated with this, the company will have an active Biodiversity Action Plan which includes activities associated with Habitat Action Plans and individual Species Action Plans covering specific species.
<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	90.0	90.0	90.0	90.0	90.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		70.0	70.0	70.0	70.0	70.0
<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>	-0.000940
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.7 Voids

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

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

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Retail-02
<b>Detailed definition of performance measure</b>	The number of household properties classified as void as a percentage of the total number of household properties served by the company. Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.
<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>	Excludes non-household properties. Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage household properties classified as void, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Outperformance and underperformance
<b>Incentive type</b>	Revenue
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19PRT_PRT-Retail-02</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	2.00	2.00	2.00	2.00	2.00
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		2.62	2.62	2.62	2.62	2.62
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		1.50	1.50	1.50	1.50	1.50
<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>	-0.140
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.140
<b>Outperformance payment - enhanced</b>	NA

## 1.2.8 Affordability

**Purpose:** This performance commitment incentivises the company to increase the number of residential customers receiving financial support via social tariffs.

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

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Retail-03
Detailed definition of performance measure	The number of customers who are benefiting from the company's social tariff. The measure is the number of customers benefiting from the scheme at the end of each reporting year. For the purposes of this performance commitment each household will be counted only once.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of customers, to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance only
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	The company will undertake research with customers before they exceed supporting 8,000 additional customers on the social tariff. If customers do not, at this point, support an additional cross-subsidy to enable the company to reach the 10,000 target, the company will fund it from its own resources.
Links to relevant external documents	None



## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	8,000	8,500	9,000	9,500	10,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.000021
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.9 Resilience schemes to ensure peak demands can be met

**Purpose:** This performance commitment incentivises the company to complete its planned resilience schemes to ensure it is able to successfully meet peak demands.

**Benefits:** This performance commitment ensures that the company can deliver water to all of its customers in the event of losing key strategic assets under both average and peak conditions.

### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-12</b>														
<b>Detailed definition of performance measure</b>	<p>The cumulative percentage of schemes completed within the 2020-25 period.</p> <p>It includes three resilience schemes which improve resilience at time of peak demand. These schemes significantly reduce the risk to customers from the loss of one or more treatment works at peak demand. Each scheme will be reported as 33.3% delivery on completion.</p> <p>The schemes included within this performance commitment are:</p> <table border="1"> <thead> <tr> <th>Scheme ID</th> <th>Risk mitigated</th> <th>Resilience schemes</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Oil pollution at WTW's</td> <td>Installation of VOC Monitors at all WTW's to prevent oil pollution affecting the works</td> </tr> <tr> <td>6a</td> <td>Hoads Hill to Gosport main</td> <td>Mitigate against a single point of failure at the A27 Underpass</td> </tr> <tr> <td>7</td> <td>Nelson to Lovedean main</td> <td>Upgrade Leigh park booster to mitigate loss of Nelson to Lovedean main</td> </tr> </tbody> </table>			Scheme ID	Risk mitigated	Resilience schemes	1	Oil pollution at WTW's	Installation of VOC Monitors at all WTW's to prevent oil pollution affecting the works	6a	Hoads Hill to Gosport main	Mitigate against a single point of failure at the A27 Underpass	7	Nelson to Lovedean main	Upgrade Leigh park booster to mitigate loss of Nelson to Lovedean main
Scheme ID	Risk mitigated	Resilience schemes													
1	Oil pollution at WTW's	Installation of VOC Monitors at all WTW's to prevent oil pollution affecting the works													
6a	Hoads Hill to Gosport main	Mitigate against a single point of failure at the A27 Underpass													
7	Nelson to Lovedean main	Upgrade Leigh park booster to mitigate loss of Nelson to Lovedean main													
<b>Additional detail on measurement units</b>	NA														
<b>Specific exclusions</b>	None														
<b>Reporting and assurance</b>	No specific requirements														
<b>Measurement unit and decimal places</b>	% completion to zero decimal places														
<b>Measurement timing</b>	Reporting year														
<b>Incentive form</b>	Reputational														

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-12</b>
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	0	0	0	0	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)
<b>Underperformance payment - standard</b>	NA
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.10 Avoidance of water supply restrictions

**Purpose:** The purpose of this performance commitment is to incentivise the company to avoid drought-related restrictions on water use by customers in line with its statutory water resources management plan.

**Benefits:** The benefit of this performance commitment is to minimise customer restrictions on water use.

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Water resources-05
Detailed definition of performance measure	The number of water supply restrictions each year. The definition of water restrictions includes temporary bans on water use as provided for in Section 76 of the Water Industry Act 1991, as amended by Section 36 of the Flood and Water Management Act 2010 and detailed in The Water Use (Temporary Bans) Order 2010. The terms 'temporary bans on water use', and 'temporary use ban' replace the old reference to hosepipe bans.
Additional detail on measurement units	Although unlikely it is possible for more than one unit to be accrued in any one year, for example if a drought ends as defined by the water company's drought plan or the company declares the drought has ended, and then the company needs to move back into drought and reapply restrictions, this would count as another unit.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number 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

<b>Unique Reference</b>	<b>PR19PRT_PRT-Water resources-05</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

### Incentive rates

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

### 1.2.11 Carbon

**Purpose:** This performance commitment incentivises the company to reduce greenhouse gas emissions arising from its operational activities.

**Benefits:** The performance commitment reduces greenhouse gas emissions related to operational activities undertaken by the company.

#### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-09
<p><b>Detailed definition of performance measure</b></p>	<p>Percentage reduction in net annual operational greenhouse gas emissions measured in kilograms carbon equivalent (kgCO<sub>2</sub>e) per million litres (MI) of water put into supply from a 2019-20 baseline.</p> <p>The scope of the measure includes any greenhouse gas emissions emitted due to the operational activities, such as but not limited to, grid electricity consumption, fuel consumption, and process emissions from sludge, wastewater and water treatment.</p>
<p><b>Additional detail on measurement units</b></p>	<p>Operational greenhouse gas emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook published on 8th May 2019. The operational emissions are measured in kilograms carbon equivalent (kgCO<sub>2</sub>e) per million litres (MI) of water put into supply. The measure will use the 2019-20 tCO<sub>2</sub>e per MI operational greenhouse gas emissions as the baseline value from which to calculate % reduction in each year from 2020-25.</p> <p>The measure includes all scope 1, 2 and 3 emissions, these are defined as:</p> <ul style="list-style-type: none"> <li>• Scope 1 - Direct emissions from owned or controlled sources</li> <li>• Scope 2 - Indirect emissions from the generation of purchased energy</li> <li>• Scope 3 - all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.</li> </ul> <p>Greenhouse gas emissions per MI will be calculated as:</p> $\text{tCO}_2\text{e per MI supplied} = \frac{\text{Net operational emissions (tCO}_2\text{e)}}{\text{Total water supplied (MI)}}$
<p><b>Specific exclusions</b></p>	<p>None</p>

Unique Reference	PR19PRT_PRT-Network Plus-09
<b>Reporting and assurance</b>	<p>The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the international carbon reporting standard (ISO 14064, Part 1), or its successors or recognised equivalents, and assured following an audit by an appropriately qualified independent third party. This includes the 2019-20 baseline.</p> <p>Measurement of greenhouse gases can adopt either the grid emissions factor within the carbon accounting workbook or the 'market-based' emissions factor for electricity supplied via the grid. This means the actual emissions associated with the electricity purchased will be used in the calculation of operational emissions rather than the national average UK grid emissions factor. Performance shall reflect actions taken by the company itself to reduce greenhouse gas emissions.</p> <p>The company will also report this measure in absolute terms, using both a 2019-20 baseline grid emissions factor and the actual year grid emissions factor, to provide transparency on reductions achieved through their own activities and those through national grid decarbonisation.</p>
<b>Measurement unit and decimal places</b>	<p>Percentage reduction in net annual operational greenhouse gas emissions measured in kilograms carbon equivalent (kgCO<sub>2e</sub>) per million litres (MI) of water put into supply from a 2019-20 baseline reported to one decimal place.</p>
<b>Measurement timing</b>	<p>Reporting year</p>
<b>Incentive form</b>	<p>Reputational</p>
<b>Incentive type</b>	<p>NA</p>
<b>Timing of underperformance and outperformance payments</b>	<p>NA</p>
<b>Price control allocation</b>	<p>NA</p>
<b>Frequency of reporting</b>	<p>Annual</p>
<b>Any other relevant information</b>	<p>NA</p>
<b>Links to relevant external documents</b>	<p>NA</p>



**Performance commitment levels**

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	1.0	2.0	3.0	4.0	5.0
<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 Addressing vulnerability

**Purpose:** This performance commitment incentivises the company to work effectively with local organisations who support customers in vulnerable circumstances.

**Benefits:** This performance commitment improves the support that customers in vulnerable circumstances receive from the company, both directly and through local organisations.

### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Retail-04
Detailed definition of performance measure	<p>The average respondents to a survey that are 'very satisfied' or 'satisfied' with the service the company provides in the context of supporting customers in vulnerable circumstances.</p> <p>The survey will be undertaken by an external third party, to quantify the degree of satisfaction agencies have with the company.</p> <p>A minimum of 50 local support organisations, who have worked with the company and/or advised clients on water supply related issues, will be surveyed to determine their level of satisfaction of the service the company provides them and the people who they represent.</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p> <p>The measure will be based on a single question gauging satisfaction via a five point word scale, only answers of 'very satisfied' or 'satisfied' will be included as positive responses.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

<b>Unique Reference</b>	<b>PR19PRT_PRT-Retail-04</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	85	85	85	85	85
<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

### 1.2.13 RoSPA

**Purpose:** This performance commitment incentivises the company to ensure it fulfils its commitment to carry out an annual review of its Health and Safety performance.

**Benefits:** The RoSPA (Royal Society for the Prevention of Accidents) Gold Standard award will assure that the company is delivering high levels of health and safety for its employees.

#### Performance commitment definition and parameters

Unique Reference	PR19PRT_PRT-Network Plus-10
Detailed definition of performance measure	<p>The attainment of the RoSPA 'Gold Standard' each year.</p> <p>The RoSPA Gold Standard requires companies to demonstrate:</p> <ul style="list-style-type: none"> <li>• excellent occupational health and safety management systems;</li> <li>• a rigorous approach to occupational health;</li> <li>• high levels of compliance with control measures for principal risks;</li> <li>• low rates of error, harm and loss;</li> <li>• no fatal or major injuries due to employer negligence; and</li> <li>• no significant enforcement issues.</li> </ul> <p>Full details of the Gold award requirement are available on the RoSPA website.</p>
Additional detail on measurement units	<p>If, during the period, the RoSPA awards materially changes or ceases, the company will replace the source data and measurement for this performance commitment with an</p>

<b>Unique Reference</b>	<b>PR19PRT_PRT-Network Plus-10</b>
	appropriate equivalent confirmed and assured by an appropriately qualified independent third party.
<b>Specific exclusions</b>	NA
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Level of RoSPA award in words – e.g. Gold
<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	Gold	Gold	Gold	Gold	Gold
<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

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

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19PRT_NEP01</b>
<b>Detailed definition of performance measure</b>	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
<b>Additional detail on measurement units</b>	The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
<b>Measurement unit and decimal places</b>	Text stating either “met” or “not met”.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and</b>	NA

<b>Unique Reference</b>	<b>PR19PRT_NEP01</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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



## Incentive rates

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 Water Industry National Environment Programme

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19PRT_NEP02
<b>Detailed definition of performance measure</b>	The cumulative number of schemes completed each year. The performance commitment is limited to the 18 schemes that were confirmed on 1 April 2019 within the Water Industry National Environment Programme (WINEP) and therefore had green status. The full list of included schemes is provided in <a href="https://www.ofwat.gov.uk/publication/pr19-winep-programme-annual-update-for-2019/">https://www.ofwat.gov.uk/publication/pr19-winep-programme-annual-update-for-2019/</a>
<b>Additional detail on measurement units</b>	Each scheme completed by the company must be signed off by the Environment Agency in order for it to count towards the measure.
<b>Specific exclusions</b>	Schemes that were amber and not confirmed on 1 April 2019 within the company's WINEP obligations.
<b>Reporting and assurance</b>	The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.
<b>Measurement unit and decimal places</b>	The cumulative number of schemes completed each year reported to zero decimal places
<b>Measurement timing</b>	Reporting year

<b>Unique Reference</b>	<b>PR19PRT_NEP02</b>
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<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	2	7	7	7	18
<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	-0.0223
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.16 Havant Thicket

**Purpose:** This performance commitment is designed to incentivise the timely delivery of the Havant Thicket reservoir.

**Benefits:** The performance commitment ensures that Portsmouth Water is exposed to an underperformance payment linked to delivery of the Havant Thicket reservoir. The performance commitment is essential to incentivise delivery because the reservoir will free up water resource capacity in Portsmouth Water’s area which can enable the company to export up to 21MI/d to Southern Water. This will allow Southern Water access to sufficient water resource capacity to address water shortages in its area.

#### Performance commitment definition and parameters

Unique Reference	PR19PRT_15
Detailed definition of performance measure	<p>Number of full calendar months in the year that a milestone is missed.</p> <p>This performance commitment is defined in relation to two key delivery milestones of the Havant Thicket reservoir and network construction: achieving dry commissioning by 30 September 2026 (Milestone 1) and achieving wet commissioning by 30 June 2029 (Milestone 2).</p> <p>The monthly payments for both milestones are subject to a deadband of three months during which underperformance payments do not accrue. Underperformance payments for late delivery will be calculated for each additional full calendar month that Portsmouth Water is late in delivering the relevant milestone.</p>
Additional detail on measurement units	<p>Underperformance payments will only apply after each milestone’s three month deadband expiry. For example based on Milestone 1 being on 30 September 2026, the first full month that will attract an underperformance payment will run from 1 January 2027 to 31 January 2027 and so on</p>

<b>Unique Reference</b>	<b>PR19PRT_15</b>
	<p>for each subsequent month that delivery of Milestone 1 is delayed.</p> <p>For the avoidance of doubt, underperformance payments can be incurred should both Milestone 1 and Milestone 2 not be delivered by the relevant target date.</p> <p>For further information please see ‘Havant Thicket appendix’</p>
<b>Specific exclusions</b>	<p>The company can apply to us for months to be excluded if it has compelling evidence that the target dates within the performance commitment cannot be met due to reasons beyond Portsmouth Water’s reasonable management control. These could include factors such as: planning conditions or refusal of consent; delays in parties entering into the bulk supply agreement, meaning that they do not do so until after 1 April 2020; environmental protection requirements and restricted access to land. However, we will expect compelling evidence that events were beyond Portsmouth Water’s reasonable control and that management took reasonable actions to mitigate the effects to delivery of the Havant Thicket reservoir. We expect an appropriate independent third-party assurance to confirm this evidence. The performance commitment would also not apply if the agreement is not in place to proceed with the construction of the reservoir and the construction does not proceed.</p>
<b>Reporting and assurance</b>	<p>The company will provide a quarterly submission of a red, amber, green (RAG) status report towards achieving the milestones. In addition, the company will submit a detailed update on progress covering the relevant charging year with the annual performance report (APR) submission. The submission will be subject to external assurance by an independent third party to confirm the content of the APR. Upon completion of the two milestones, the third party will also assure whether they are delivered with all the necessary steps needed to operationalise the reservoir and the associated network infrastructure from a technical and engineering perspective.</p>
<b>Measurement unit and decimal places</b>	Full calendar months to zero decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and</b>	End of period

<b>Unique Reference</b>	<b>PR19PRT_15</b>
<b>outperformance payments</b>	
<b>Price control allocation</b>	Havant Thicket Activities
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

	Unit	Company forecast	Committed performance level						
		2019-20	2020-21	...	2025-26	2026-27	2027-28	2028-29	2029-30
<b>Performance commitment level Milestone 1</b>	Months	NA	NA	NA	NA	0	0	0	0
<b>Performance commitment level Milestone 2</b>	Months	NA	NA	NA	NA	NA	NA	NA	0
<b>Enhanced underperformance collar</b>	Months		NA	NA	NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Months		NA	NA	NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Months		NA	NA	NA	3	NA	NA	3
<b>Outperformance deadband</b>	Months		NA	NA	NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Months		NA	NA	NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Months		NA	NA	NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Milestone 1</b>	
<b>Underperformance payment - standard</b>	-0.0790
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA
<b>Milestone 2</b>	
<b>Underperformance payment - standard</b>	-0.3159
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## Annex 1: Key performance commitments for Portsmouth Water

Details of the key performance commitments that we present in Table 1.2 of 'PR19 final determinations: Portsmouth Water final determination', 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>Water supply interruptions</li> </ul>	<i>5 minutes for water supply interruptions is the 2024-25 performance commitment level</i>
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> <li>9% reduction in the number of water appearance customer contacts by 2024-25</li> </ul>	$\frac{(0.41 - 0.45)\text{contacts}/1000\text{pop}}{0.45\text{contacts}/1000\text{pop}} \times 100 = -9\%$
<ul style="list-style-type: none"> <li>74% reduction in the number of customers who receive, or are at risk of receiving, pressure below the minimum standard by 2024-25</li> </ul>	$\frac{(18 - 70)\text{customers at risk}}{70\text{customers at risk}} \times 100 = -74\%$

## **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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