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PR19 final determinations

Portsmouth Water – Delivering outcomes for customers final decisions

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PR19 final determinations: Portsmouth Water – Delivering outcomes for customers final decisions

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

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

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

Each performance commitment has a unique reference. The prefix ‘PR19PRT’ denotes Portsmouth Water.

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

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

Table 1: Portsmouth Water - Representations in response to the draft determination

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Per Capita Consumption (PCC) PR19PRT_PRT-Water Resources 03	Performance commitment levels	The intervention we made at draft determination was to set the performance commitment percentage reduction levels to the following values: 20-21 = 1.3% 2021-22 = 2.5% 2022-23 = 3.8% 2023-24 = 5.0% 2024-25 = 6.3% Units: Percentage reduction from 2019-20 baseline using 3 year average (%)	The company requests we reconsider our position and accept its original 5% reduction proposal. The company does not revise its forecast but does explain in its supporting narrative that its forecast starting value has increased since the September business plan submission, so a 5% reduction would now mean a change from 149.3 l/p/d to 141.8 l/p/d. The company discusses a range of reasons why our proposal fails to consider its very specific local circumstances: current performance is already efficient for the region, the impact of metering will be limited due to the lowest charges in the sector, metering penetration needs to be at least 50% to achieve significant reduction, its inability to compulsory meter properties limits the company’s options relative to neighbours, its starting point is	No change for the final determination. The company is located in the South East which is considered a water stressed region overall. While the company’s own area does not have water stressed status, the company’s Water Resources Management Plan is heavily reliant on demand management including reducing per capita consumption. We consider that the future position of the company needs to be taken into account when setting the per capita consumption performance commitment levels such as its future supply to Southern Water. The company states we had a limited consideration of its historical position with surplus water balances, low charges and low drivers for metering. We assess companies’ proposed PCC performance levels against a range of criteria. This assessment takes into account company-specific factors such as	N/A

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			<p>likely to be higher than previously expected, there has been limited consideration of Portsmouth Water's historical position, and that its customers do not support anything other than widespread compulsory metering.</p>	<p>supply/demand position in its region and metering penetration when considering whether to intervene.</p> <p>We do not set common levels for all companies because they are starting from a different place and have different circumstances but expect all companies to show ambition in PCC reductions and we consider that the company fails to consider its future position (supply to Southern Water) and that its historical position has deteriorated (it now has one of the highest, worst, PCC in the sector). For this reason we consider that the proposed levels show a lack of ambition.</p> <p>We consider historical comparisons of achievability of PCC reductions in PR09 and PR14. We consider that reductions of 6% or more are achievable in one five-year period as evidenced by historical reductions, achieved even by companies with low metering penetration.</p> <p>Therefore we can identify no other reason why we should make a change from our draft determination.</p>	
<p>Biodiversity reward PR19PRT_PRT-Water Resources-01</p>	<p>Performance commitment definition, ODI type and ODI timing.</p>	<p>Our intervention at draft determination was to remove outperformance payments from this performance commitment, and also to set in-period performance commitment levels, without the flexibility of carrying forward any outperformance or underperformance. These are as follows:</p> <p>2020-21 = 0.05 2021-22 = 0.05 2022-23 = 0.05 2023-24 = 0.05 2024-25 = 0.05</p> <p>Units: Value of grants awarded (£m)</p>	<p>The company notes our intervention and the concerns that the Grants Scheme is still under development. It states that it has carried out further work to improve the measure. The company provides a methodology and a timeline for the implementation of the scheme by April 2020. It clarifies that this incentive works in tandem with its existing incentive to maintain and enhance biodiversity on its sites. The company states that the grant scheme goes significantly beyond its legal obligation and accordingly is a new and reward only scheme. The company claims that its customers support outperformance payments for the measure and would like us to reconsider our intervention.</p> <p>The company states that it is concerned that our intervention to set annual performance commitment levels limits its flexibility to carry forward any out or under performance and may not encourage the right behaviours by the company. It states for example that this may incentivise the company to cease the grant programme part way through the year when</p>	<p>Change for the final determination.</p> <p>We note that this performance commitment is intended to work in tandem with the company's 'Biodiversity penalty' performance commitment, a legal requirement for improving biodiversity on the company's owned sites. However, the two performance commitments are defined and measured differently: the 'Biodiversity penalty' performance commitment measures the percentage of sites with identified priority habitat that are in good stewardship each year; the Biodiversity reward performance commitment measures the value of grants awarded to third parties for projects and activities that promote and enhance biodiversity. Therefore we consider that these are distinct performance commitments.</p> <p>For outperformance payments to apply, we look at the following conditions:</p> <p>Performance commitment level is stretching: this measure is in addition to the company's legal obligation and, as such, we consider the performance commitment levels to be stretching.</p>	<p>We introduce end-of-period ODI rates for 2024-25 and set them to:</p> <p>Underperformance rate: - £0.186m/value of grant awarded (£)</p> <p>Outperformance rate: £0.186/value of grant awarded (£)</p> <p>We additionally include annual reporting on outcomes and benefits resulting from the grant scheme.</p> <p>We revise the performance commitments to be based on cumulative progress:</p> <p>2020-21 = 0.050 2021-22 = 0.100 2022-23 = 0.150</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>the annual performance commitment level of £50,000 has been achieved.</p>	<p>There are benefits to customers from improved performance: this performance commitment is intended to improve levels of biodiversity and protect the environment by awarding funding to third parties to deliver projects that target biodiversity benefits. To demonstrate that the grant schemes are resulting in desired outcomes, we will include an annual reporting requirement for documenting outcomes and benefits.</p> <p>There is customer support for the outperformance payment: Our assessment of the company's customer research in this area indicates that there is satisfactory customer support for a balanced ODI for improving biodiversity in the company's area performance commitments.</p> <p>We note other companies (South Staffs Water, South East Water and Anglian Water) have performance commitments that increase biodiversity with financial incentives, although these are measured in hectares. Each of these only receives outperformance payments beyond stretching levels and has underperformance payments if performance is less than this. Overall, we consider that the company has provided sufficient and convincing evidence that it should have outperformance incentives. We are also setting a symmetrical underperformance rate, as our default is to require underperformance incentives, and the company has not provided sufficient and convincing evidence that one is not required.</p> <p>We do not want to disadvantage the company for delivering early and therefore we are setting the definition based on the cumulative performance over the five years. We are also setting an end of period ODI only for 2024-25 for this performance commitment.</p>	<p>2023-24 = 0.200 2024-25 = 0.250</p> <p>Units: Value of grants awarded (£m)</p>
<p>Catchment Management</p> <p>PR19PRT_PRT-Network Plus-08</p>	<p>Performance commitment definition</p>	<p>Our intervention at draft determination was to update the definition for this performance commitment to: 'The number of farmers engaged with that have committed, following engagement, to implement changes to current practices'.</p> <p>We also specified that the company should also obtain</p>	<p>The company does not agree with our intervention to amend the performance commitment definition. It clarifies that the measure applies to lower priority areas, which are outside the Water Industry National Environment Plan. The company states that the farmers and landowners in these areas have no obligation to uptake schemes that are offered to them, therefore meeting our new definition would be difficult. It proposes an alternative revision which it claims has been agreed with Natural England. This states 'The number of</p>	<p>Change for the final determination.</p> <p>Our main concern with the company's original performance commitment definition was that the volumetric assessment of number of farmers engaged, without any consideration of quality of engagement, did not demonstrate how achieving the performance commitment levels would result in achieving this benefit. The company's proposed revision, however, does consider quality of engagement and the performance commitment's intended purpose by requiring farmers to undertake and implement a Farm Management Plan to</p>	<p>We revise the performance commitment definition in line with:</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</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
		commitment from landowners to implement a change in land use practice.	farmers engaged with that have committed, following engagement will 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>prevent use of excessive nutrients. We further note that this revision has been agreed with Natural England; the company provides written evidence demonstrating support from Natural England.</p> <p>We agree with Natural England's comments (included in a response from the company to a query) that the company should provide training and support towards good nutrient management planning as part of meeting the requirements for this performance commitment.</p> <p>We consider the company provides sufficient and convincing evidence to update the performance commitment definition.</p>	<p>use more nutrients than the crop or soil needs.’</p> <p>We also include in the definition a requirement for the provision of training and support farmers for good nutrient management planning.</p>
Catchment Management PRT-Network Plus-08	ODI Timing	Our intervention at draft determination was to change the definition of the target to set in-year performance commitment levels, without the flexibility of carrying forward any outperformance or underperformance.	The company states that it is concerned that our intervention to set annual performance commitment levels limits its flexibility to carry forward any out or under performance and may not encourage the right behaviours. The company claims for instance that this may incentivise the company to cease an engagement programme part way through the year when the annual performance commitment level of 10 has been achieved. It would like us to reconsider the intervention.	<p>No change for the final determination.</p> <p>The company does not elaborate how or why limited flexibility would incentivise it to cease an engagement programme part way through the year. It does not provide any additional justification to support its representation.</p> <p>The purpose of in-period ODIs is to drive the company to achieve and exceed its annual performance commitment levels.</p> <p>The measurement for this performance commitment is cumulative and, as such, it inherently provides flexibility for carryover. For instance, if performance is 11 in the first year, it means that an outperformance payment will be earned and only a further 9 would need to be delivered in the second year to meet the commitment level.</p> <p>The company does not provide sufficient and convincing evidence for change.</p>	N/A
Water Industry National Environment Programme PR19PRT_NEP02	Performance commitment level	We intervened at draft determination to introduce a performance commitment to cover schemes that have been classified as ‘Green’ by the Environment Agency by the 1st April 2019.	The company proposes an alternative annual delivery profile which is based on the Water Industry National Environment Programme as at 1 April 2019. The cumulative number of schemes remains at 18 at the 2020-25 period.	<p>Change for the final determination.</p> <p>The company is not seeking to deliver fewer schemes to customers than in its draft determination. The company also demonstrates clearly the regulatory compliance date for the delivery of its 11 catchment management schemes is December 2024.</p> <p>The company presents sufficient and convincing evidence that we should amend its performance commitment levels.</p>	<p>We update the performance commitment levels to align with the company’s proposals. The performance commitment levels are as follows:</p> <p>2020-21 = 2 2021-22 = 7 2022-23 = 7 2023-24 = 7</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>We set performance commitment levels as follows:</p> <p>2020-21 = 2 2021-22= 7 2022-23 = 7 2023-24 = 18 2024-25= 18</p> <p>Units: Water Industry National Environment Programme schemes in scope of the performance commitment.</p>			<p>2024-25 = 18</p> <p>Units: Water Industry National Environment Programme schemes in scope of the performance commitment.</p>
<p>C-MeX</p> <p>PR19PRT_PRT-Retail-01</p>	All	<p>We set a common performance commitment for all companies regarding residential customer satisfaction.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.</p>	<p>See 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.</p>
<p>D-MeX</p> <p>PR19PRT_PRT-Network Plus-11</p>	All	<p>We set a common performance commitment for all companies regarding residential customer satisfaction.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.</p>	<p>All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.</p>	<p>See 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.</p>

Table 2: Portsmouth Water - Representations from other stakeholders

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Consumer Council for Water	All performance commitments	Performance commitment levels	N/A	CCWater notes that Portsmouth Water has not been as strong on its operational performance, and hoped that stretching performance commitments would 'help to address issues such as leakage, bursts, water quality contacts, per capita consumption etc.' However CCWater does raise some concerns about the deliverability of outcomes, as a result of our 'imposing such stretching performance commitment levels whilst reducing all of the revenue streams proposed in a company's business plan'.	<p>No change for the final determination.</p> <p>We welcome the view of the Consumer Council for Water. The achievability of outcomes has been assessed on an individual performance commitment basis. Any concerns raised by the company regarding the deliverability of performance commitment levels has been further assessed prior to final determination.</p>	N/A
Consumer Council for Water	Per Capita Consumption (PCC) PR19PRT_PRT-Water Resources 03	Performance commitment levels	<p>The intervention we made at draft determination was to set the performance commitment percentage reduction levels to the following values:</p> <p>2020-21 = 1.3% 2021-22 = 2.5% 2022-23 = 3.8% 2023-24 = 5.0% 2024-25 = 6.3%</p> <p>Units: Percentage reduction from 2019-20 baseline</p>	<p>CCWater considers that 'the most significant change to the performance commitment levels is that of per capita consumption, which has been stretched to a 6.3% reduction by 2024-25.'</p> <p>CCWater supports the push to reduce per capita consumption, but expresses concern that Portsmouth Water 'hasn't successfully evidenced how it will reach its per capita consumption performance commitment level; particularly as it is unable to compulsorily meter on a universal basis, under legislation related to seriously water-stressed areas.' CCWater notes that 'a significant cultural change will be required in the Portsmouth area, encouraging customers to value water, as the prevailing view is that there is plenty of water and therefore no need to reduce consumption.'</p>	<p>No change for the final determination.</p> <p>We see a reduction in per capita consumption as a key step in ensuring the resilience that is needed for the future. We consider that cultural change can be used by companies to engage with its customers and encourage a reduction in consumption.</p>	N/A
Consumer Council for Water	Non-performance commitment specific	Outcome delivery incentive	N/A	<p>CCWater conducts additional customer research, finding that 76% of the company's customers found the potential impact of ODIs on their water bills over the period to be acceptable. It notes this is a lower level of acceptability than that achieved by the 'base' plan.</p> <p>It is concerned by the increase in the company's upside ODI range in the company's April business plan and the draft determination. It</p>	<p>No change for the final determination.</p> <p>We note the results of CCWater's research, which shows that the majority of customers support the bill impacts of our draft determinations including ODIs. Whilst there is a lower level of support than for our baseline draft determination, it is still a clear majority. As discussed in our assessment of methodology representations, we have assessed support for outperformance payments at a</p>	N/A

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
				states that customers did not give clear support for the principles of outperformance incentives, and it is supportive of the company's response in limiting the potential impact of ODIs on bills in response to this preference.	performance commitment-specific level, to most accurately reflect customer preferences.	

Table 3: Portsmouth Water - Changes to the draft determination not due to a representation

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
N/A	ODI rates	We intervened on some ODI rates at draft determination.	<p>Change for the final determination</p> <p>For final determinations we revise some ODI rates on which we have previously intervened due to updates in the underlying data used to calculate the ODI rates. In particular, we update the data on the number of connections to reflect the latest information available. In most cases this has only a small impact on the ODI rates.</p> <p>We update all ODI rates where we calculate a 'delay' or 'cost-recovery' rate using the weighted average cost of capital and/or other regulatory parameters to reflect the values we are using in our final determination.</p> <p>We also make a small number of corrections for where we have identify errors in our draft determination calculations. The final ODI rates are specified in 'Portsmouth Water – Outcomes performance commitment appendix'. In particular for leakage underperformance rate the value stated in our draft determination (-£0.171m per megalitre per day) does not correctly apply our intervention. The corrected value for our final determination is -£0.160m per megalitre per day. This also impacts the outperformance rate, which is set by dividing the underperformance rate by 1.2.</p>	We change ODI rates where the underlying data used to calculate the rate has been updated, or an error has been identified.
<p>Water Quality Compliance (Compliance Risk Index)</p> <p>PR19PRT_PRT-Network Plus-01</p>	Caps, collars and deadbands	<p>The intervention we made at draft determinations was to set a standard deadband which all companies were expected to adopt. The deadband profile for the Compliance Risk Index (CRI):</p> <p>2020-21 = 2.00 2021-22 = 2.00 2022-23 = 1.50 2023-24 = 1.50 2024-25 = 1.50</p> <p>Unit = Compliance Risk Index Score</p>	<p>Change for the final determination.</p> <p>We amend the deadband on the CRI to a score of 2.00 throughout the period reducing the risk of underperformance payments in the last three years of the 2020-2025 period. This allows more flexibility in performance to take into account the uncertainty created by the ban on the use of metaldehyde being overturned by the High Court and also aligns with the median level of current company performance.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.</p>	<p>The following is a sector wide change for the final determination.</p> <p>We set a revised standard deadband for all companies. The deadband profile for the Compliance Risk Index is:</p> <p>2020-21 = 2.00 2021-22 = 2.00 2022-23 = 2.00 2023-24 = 2.00 2024-25 = 2.00</p> <p>Unit = Compliance Risk Index Score</p>
<p>Leakage</p> <p>PR19PRT_PRT- Network Plus-07</p>	Performance commitment definition	No intervention at draft determination.	<p>Change for the final determination.</p> <p>To avoid any misinterpretation regarding the value for the company's 2019-20 leakage target, we amend the performance commitment definition to clarify the requirement for all companies.</p>	<p>We amend the wording of the performance commitment definition to the following:</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</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
				commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or five year average basis, we assume the 2019-20 annual performance commitment level is equal to the average level specified in the PR14 performance commitment.'
Leakage PR19PRT_PRT- Network Plus-07	Performance commitment levels	No intervention at draft determination.	<p>Change for the final determination.</p> <p>We set performance commitments levels of a 15% leakage reduction on a three year average basis since we consider this is stretching and consistent with the wider sector challenge to reduce leakage with base cost allowances. The company can earn outcome delivery incentives if it improves performance beyond these stretching levels to fund further service improvement including Water Resource Management Plan levels where these go beyond the performance commitment level.</p> <p>We revise the performance commitment levels to an equivalent percentage, in terms of percentage reduction from the baseline using 3 year average, of the company's September 2018 business plan proposal.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for further detail.</p>	<p>We revise the performance commitment levels to the following values:</p> <p>2020-21 = 3.1 2021-22 = 6.2 2022-23 = 9.2 2023-24 = 12.2 2024-25 = 15.2</p> <p>Unit = Percentage reduction from 2019-20 baseline using 3 year average (%)</p>
Leakage PR19PRT_PRT-Network Plus-07	Caps, collars and deadbands.	<p>Our intervention at draft determination was to set collars at the following levels</p> <p>2020-21 = -5.0% 2021-22 = -5.0% 2022-23 = -5.0% 2023-24 = -5.0% 2024-25 = -5.0%</p> <p>Our intervention at draft determination was to set caps at the following levels</p> <p>2020-21 = 14%</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the outperformance cap for this performance commitment.</p> <p>However we revise our approach to how we estimate P90 performance levels that the cap is based on as we explain in the 'Delivering outcomes for customers policy appendix'.</p>	<p>We set outperformance cap levels to:</p> <p>2020-21 = 18.8 2021-22 = 21.9 2022-23 = 24.9 2023-24 = 27.9 2024-25 = 30.8</p> <p>We do not change the collars.</p> <p>Units: Percentage reduction from 2019-20 baseline using 3 year average (%).</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		2021-22 = 18.8% 2022-23 = 22.5% 2023-24 = 25.9% 2024-25 = 31.3% Units: percentage reduction in leakage from initial levels on a three-year average basis.		
Water supply interruptions PR19PRT_PRT-Network Plus-02	Performance commitment levels	The intervention we made at draft determination was to set performance commitment levels that are consistent with the rest of the industry for supply interruptions. The following values were set: 2020-21 = 00:05:24 2021-22 = 00:04:48 2022-23 = 00:04:12 2023-24 = 00:03:36 2024-25 = 00:03:00 Unit = Hours:minutes:seconds (HH:MM:SS) per property per year	Change for the final determination. We adjust the water supply interruptions 2024-25 level to five minutes, with an amended glidepath in the first four years, taking account of wider evidence to calibrate stretch of performance commitment for an efficient company. Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.	The following is a sector wide change for the final determination. We set revised performance commitment levels to the following values: 2020-21 = 00:06:30 2021-22 = 00:06:08 2022-23 = 00:05:45 2023-24 = 00:05:23 2024-25 = 00:05:00 Unit = Hours:minutes:seconds (HH:MM:SS) per property per year
Water supply interruptions PR19PRT_PRT-Network Plus-02	ODI rates	No intervention at draft determination.	Change for the final determination. We correct an error in our draft determination in the calculation of our intervention to moderate the ODI rates for this performance commitment for the company. This changes the outperformance rate from £0.078m to £0.069 per minute per property. When considering the performance commitment package as a whole, we consider whether the balance of incentives for particular performance commitments is appropriate at both an industry and company level. We set all companies' underperformance rates symmetrically to outperformance rates to provide a more balanced spread of incentives and risk on water supply interruptions. For further details on our approach to sector wide interventions on ODI rates see our 'Delivering outcomes for customers policy appendix'.	We change the company's underperformance and outperformance rate to -£0.069m and £0.069m per minute per property respectively.
Water supply interruptions PR19PRT_PRT-Network Plus-02	Caps, collars and deadbands.	Our intervention at draft determinations was to set collars at the following levels 2020-21 = 00:08:06 2021-22 = 00:09:36 2022-23 = 00:11:06	Change for the final determination. Following the changes we make to the overall outcomes package we no longer consider that this performance commitment is driving a disproportionate risk. We	We set underperformance collars to the following levels: 2020-21 = 00:22:45 2021-22 = 00:22:45 2022-23 = 00:22:45

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>2023-24 = 00:12:36 2024-25 = 00:14:06</p> <p>Unit = Hours:minutes:seconds (HH:MM:SS) per property per year</p> <p>We intervened to set caps at the following levels</p> <p>2020-21 = 00:02:47 2021-22 = 00:02:28 2022-23 = 00:02:10 2023-24 = 00:01:52 2024-25 = 00:01:30</p> <p>Unit = Hours:minutes:seconds (HH:MM:SS) per property per year</p>	<p>stated in our draft determinations we may remove the interventions if the package level concerns are no longer present.</p> <p>We therefore apply the standard approach to setting collars for this performance commitment. In 'Delivering outcomes for customers policy appendix' explain how we set the level of caps and collars in the final determination including that we set caps at the P90 performance level.</p> <p>Our normal approach when setting caps is to do this at the estimate of P90 performance. We generally adjust the estimates that companies provided in their business plans by any changes in the service levels. Portsmouth Water had originally proposed service levels that reduced to 3 mins by 2024-25 and no outperformance caps, but P90 performance that reduced to 1.5 minutes by 2024-25. If we increased this in consequence of our change in service level, that is the increase by 2024-25 from 3 minutes to 5 minutes, the P90 estimate of performance would increase to 3.5 minutes by 2024-25, which would be more pessimistic than most other companies. In this case we keep the caps as at the draft determination and do not adjust them by the change in the service level. However we adjust the P90 estimates of performance in our ODI Return on Regulatory Equity (RoRE) analysis.</p>	<p>2023-24 = 00:22:45 2024-25 = 00:22:45</p> <p>Unit = Hours:minutes:seconds (HH:MM:SS) per property per year</p> <p>We do not change the cap levels.</p>
<p>Mains Repairs</p> <p>PR19PRT_PRT-NetworkPlus-03</p>	Performance commitment levels	No intervention at draft determination.	<p>Change for the final determination.</p> <p>We increase the performance commitment levels for mains repairs by a reducing percentage, for all companies, in all years, making it easier to achieve. The aim is to allow all companies the flexibility to deliver the improvement in leakage reduction, allowing more flexibility in the earlier years to use proactive mains repairs to reduce leakage.</p> <p>Please refer to our 'Delivering outcomes for customers policy appendix' for further information.</p>	<p>We set the performance commitment levels to the following values:</p> <p>2020-21 = 73.8 2021-22 = 72.4 2022-23 = 71.2 2023-24 = 70.0 2024-25 = 68.6</p> <p>Units: Number of mains repairs per 1,000km</p>
<p>Carbon</p> <p>PR19PRT_PRT-Network Plus-09</p>	Performance commitment definition	No intervention at draft determination.	<p>Change for the final determination.</p> <p>Yorkshire Water states that should it continue on a green tariff, it intends to use a zero-emission factor rather than the 2019-20 emission factor. It further states that the guidance does not allow exported energy to count as an offset, however, it intends to use the national grid as a conduit to its excess energy generation to use at its other sites rather than exporting to the grid for consumption by others. It considers that it will therefore report its net electricity consumption to include this self-generated energy.</p>	<p>We revise the performance commitment definition to allow flexibility to use either the grid emissions factor within the carbon accounting workbook or a 'market-based' emissions factor for electricity supplied via the grid.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>As a result of Yorkshire Water’s representation, we consider that an update to the definition should be applied to other companies’ comparable performance commitment definitions.</p> <p>Please see the ‘Yorkshire Water - Delivering outcomes for customers final decisions’ document for the full assessment.</p>	
<p>Per Capita Consumption (PCC)</p> <p>PR19PRT_PRT-Water Resources 03</p>	Caps, collars and deadbands.	<p>Our intervention at draft determination was to set collars at the following levels</p> <p>2020-21 = -8.6%</p> <p>2021-22 = -8.6%</p> <p>2022-23 = -8.6%</p> <p>2023-24 = -8.6%</p> <p>2024-25 = -8.6%</p> <p>Our intervention at draft determination was to set caps at the following levels</p> <p>2020-21 = 4.7%</p> <p>2021-22 = 5.9%</p> <p>2022-23 = 7.0%</p> <p>2023-24 = 8.2%</p> <p>2024-25 = 9.3%</p> <p>Units: percentage reduction in per capita consumption from initial levels on a three-year average basis.</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the outperformance cap for this performance commitment.</p> <p>However we make a slight change to our estimate P90 performance levels that the cap is based on. We explain how we have derived P90 estimates in the ‘Delivering outcomes for customers policy appendix’.</p>	<p>We set outperformance cap levels to:</p> <p>2020-21 = 4.6%</p> <p>2021-22 = 5.8%</p> <p>2022-23 = 7.1%</p> <p>2023-24 = 8.3%</p> <p>2024-25 = 9.6%</p> <p>Units: percentage reduction in per capita consumption from initial levels on a three-year average basis.</p> <p>We do not change the collars.</p>
<p>Voids</p> <p>PR19PRT_PRT-Retail-02</p>	ODI rates	<p>At draft determination our intervention was to adjust the outcome delivery incentive rate based on an average wholesale bill of £95, marginal costs of £30, a cost sharing factor of 50%, and property numbers as provided by the company. The ODI rates are:</p> <p>Underperformance: £0.244 million per 1%</p> <p>Outperformance: £0.145 million per 1%</p>	<p>Change for the final determination.</p> <p>As we explain in the ‘Delivering outcomes for customers policy appendix’, we revise our methodology for performance commitments concerning ‘void properties’. We remove the cost sharing factor, as there is no cost sharing for the retail price control. We also calculate the financial incentive based on a weighted incentive rate based on the number of customers between single and dual services to more accurately align incentives to the customer benefit.</p> <p>We also apply a symmetric 50% sharing ratio to protect customers against the impact of macroeconomic factors. This is applied symmetrically to underperformance and outperformance payments. The change in methodology is due to representations from a number of companies, we consider that together the</p>	<p>We revise ODI rates to:</p> <p>Underperformance: -£0.140m per 1%.</p> <p>Outperformance: £0.140m per 1%.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			arguments and evidence provided are sufficient and convincing for us to change the voids ODI rate methodology to share the risk between the company and customers.	
<p>Voids</p> <p>PR19PRT_PRT-Retail-02</p>	Caps, collars and deadbands	We did not set this performance commitment at draft determination.	<p>Change for the final determination.</p> <p>As we explain in the 'Delivering outcomes for customers policy appendix' we consider that performance commitments that measure the percentage of void properties are uncertain and all companies should have caps and collars. We also explain how we set the level of caps and collars and adjust the estimate of P10 and P90 performance levels.</p>	<p>We set collar levels to:</p> <p>2020-21 = 2.62 2021-22 = 2.62 2022-23 = 2.62 2023-24 = 2.62 2024-25 = 2.62</p> <p>Units: Percentage household properties classified as void</p> <p>We set cap levels to:</p> <p>2020-21 = 1.50 2021-22 = 1.50 2022-23 = 1.50 2023-24 = 1.50 2024-25 = 1.50</p> <p>Units: Percentage household properties classified as void</p>
<p>Resilience schemes to ensure peak demands can be met</p> <p>PR19PRT_PRT-Network Plus-12</p>	Performance commitment definition	No intervention at draft determination.	We identify that the performance commitment at draft determination included the 'Supply deficit Farlington' scheme, for which we have not allowed any funding.	We change the definition to remove the 'Supply deficit Farlington' scheme in order to align with the cost allowance.
<p>Water Industry National Environment Programme</p> <p>PR19PRT_NEP02</p>	ODI rate	We intervened at draft determination to set the underperformance rate for this performance commitment -£0.023 million.	<p>Change for the final determination.</p> <p>We change the company's ODI rate on this performance commitment to reflect its final cost allowances and cost sharing rates. We update the company's ODI rates using our standard methodology in our 'Delivering outcomes for customers policy appendix'.</p>	We change the company's underperformance rate to -£0.0223m per unit.

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
Water Industry National Environment Programme PR19PRT_NEP02	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 performance levels in this case, we use the performance commitment levels set at final determination. We take this approach because this performance commitment reflects delivery of a planned scheme, and we consider that the experience in the water industry is that planned schemes are delivered in most cases. It would be a scenario that would occur in less than 10% of cases that the company would not deliver its performance commitment.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 2 2021-22 = 7 2022-23 = 7 2023-24 = 7 2024-25 = 18</p> <p>Units: The cumulative number of schemes completed each year reported to zero decimal places</p>
Unplanned Outage PR19PRT_PRT-Network Plus-04	Caps, collars and deadbands	No intervention at draft determination.	<p>The company does not make a representation regarding the collar for this performance commitment. We explain in the 'Delivering outcomes for customers policy appendix' that we apply caps and collars for all companies and how we set these levels. For unplanned outages we set the collar at 2 times the 2020-21 performance commitment level for all companies (except those with enhanced ODIs).</p> <p>The company estimates of the P90 performance is zero for all years. We consider that this may be plausible, we have therefore not set outperformance caps.</p>	<p>We set the underperformance collars to the following values:</p> <p>2020-21 = 4.68 2021-22 = 4.68 2022-23 = 4.68 2023-24 = 4.68 2024-25 = 4.68</p> <p>Unit: Percentage of peak week production capacity (%)</p>
Havant Thicket PR19PRT_15	Performance commitment	N/A	<p>Change for the final determination.</p> <p>We introduce a performance commitment to incentivise the timely delivery of the Havant Thicket reservoir.</p> <p>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 21Ml/d to Southern Water. This will allow Southern Water access to sufficient water resource capacity to address water shortages in its area.</p> <p>For further information please see 'Havant Thicket appendix'</p>	<p>We introduce the Havant Thicket performance commitment.</p>
Priority services for customers in vulnerable circumstances PR19PRT_PRT-Retail-05	Performance commitment level	Our intervention at draft determination was to change the definition of the performance commitment by splitting the measure into 'attempted' (i.e. an outbound contact that has not received a response) and 'actual'	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the performance commitment level. However, we receive a number of representations from companies and other stakeholders. Based on the compelling evidence set out in</p>	<p>The following is a sector-wide change for the final determination.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>contacts (i.e. updates to data based on contact with the customer).</p>	<p>these representations, we revise the performance commitment levels for the actual contacts element of the performance commitment.</p>	<p>We revise the performance commitment levels for the actual contacts to:</p> <p>2020-21 = 17.5 2021-22 = 35.0 2022-23 = 35.0 2023-24 = 35.0 2024-25 = 35.0</p> <p>Unit: Percentage of priority services customers that the company has made actual contact with</p>
<p>Biodiversity (reward) PR19PRT_PRT-Water Resources-01</p>	<p>P10 and P90 performance levels</p>	<p>N/A</p>	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 and P90 performance levels in this case, we form our own estimates of P10 and P90 performance based on judgement. We take this approach because neither the company's business plan data, provided in April 2019, nor its representations data, provided in August 2019, includes P10 performance levels for this performance commitment. We also do not consider that the P90 performance levels provided in the company's business plan submission are credible for an efficient company.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = N/A 2021-22 = N/A 2022-23 = N/A 2023-24 = N/A 2024-25 = 0.200</p> <p>We estimate P90 performance levels as:</p> <p>2020-21 = N/A 2021-22 = N/A 2022-23 = N/A 2023-24 = N/A 2024-25 = 0.300</p> <p>Units: Value of grants in £m to three decimal places</p>

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

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