

December 2019

# PR19 final determinations

**Severn Trent Water – Outcomes performance  
commitment appendix**

## **PR19 final determinations: Severn Trent Water - Outcomes performance commitments appendix**

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for Severn Trent 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 Severn Trent Water should provide to its customers on its outcomes and performance commitments.

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

The appendix provides the following information on each performance commitment:

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

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

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

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

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

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

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

## **1.1 Common performance commitments**

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

A number of companies receive enhanced outcome delivery incentives for certain common PCs. In the PR19 methodology (Appendix 2, p.85) we state: “Companies proposing enhanced outperformance and underperformance payments should explain in their business plans how they will share the knowledge behind their success with companies across the sector by the end of the 2020-25 price review period or soon after. Receiving the enhanced outperformance payments will depend on whether the company has a credible plan for sharing its approach with the sector.” This is an important aspect of the framework for enhanced outcome delivery incentives and we expect companies earning them to share learning on what has worked and what has not, consistent with the knowledge-sharing plans set out in their business plan. We also expect companies to assess the success of their knowledge-sharing and be able to provide evidence of this to Ofwat, and we will take account of this when we make in-period and end-of-period outcome delivery incentive determinations.

### 1.1.1 Water quality compliance (CRI)

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_H01
<b>Detailed definition of performance measure:</b>	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018: <a href="https://www.ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/">https://www.ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/</a>
<b>Additional detail on measurement units:</b>	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations)
<b>Specific exclusions:</b>	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
<b>Reporting and assurance:</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Numerical CRI score, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water resources 50% water network plus

<b>Unique Reference</b>	<b>PR19SVE_H01</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>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		9.50	9.50	9.50	9.50	9.50
<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>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	-1.961
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	PR19SVE_G01
<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:  <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> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p>

<b>Unique Reference</b>	<b>PR19SVE_G01</b>
	<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> <p>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.</p>
<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**

		<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>	HH:MM:SS	NA	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00
<b>Enhanced underperformance collar</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	HH:MM:SS		00:22:45	00:22:45	00:22:45	00:22:45	00:22:45
<b>Underperformance deadband</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	HH:MM:SS		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	HH:MM:SS		00:03:30	00:03:21	00:03:11	00:03:02	00:02:54
<b>Enhanced outperformance cap</b>	HH:MM:SS		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-1.081
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	1.081
<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	PR19SVE_G02
<b>Detailed definition of performance measure</b>	<p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on 27 March 2018: <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
<b>Additional detail on measurement units</b>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or</p>

<b>Unique Reference</b>	<b>PR19SVE_G02</b>
	<p>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	1.4	2.9	5.7	10.5	14.3
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment - standard	-0.325
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.325
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	PR19SVE_G03
Detailed definition of performance measure	<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>
Additional detail on measurement units	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p>

<b>Unique Reference</b>	<b>PR19SVE_G03</b>
	Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	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	0.7	1.4	2.1	2.8	3.5
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.350
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.5 Mains repairs

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G04
<b>Detailed definition of performance measure</b>	<p>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></p> <p>It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).</p>
<b>Additional detail on measurement units</b>	<p>Mains repairs – This includes all physical repair work to mains from which water is lost.</p> <p>Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.</p>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company's active leakage control (ALC) or its own leak detection activity. Reactive repairs



<b>Unique Reference</b>	<b>PR19SVE_G04</b>
	are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.
<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>	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	123.5	121.8	120.1	118.4	116.7
<b>Enhanced underperformance collar</b>	number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	number		163.0	163.0	163.0	163.0	163.0
<b>Underperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	number		101.0	101.0	101.0	101.0	101.0
<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>	-0.562
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.185
<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	PR19SVE_G05
<b>Detailed definition of performance measure</b>	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4 April 2019.  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-unplanned-outage/">https://www.ofwat.gov.uk/publication/reporting-guidance-unplanned-outage/</a></p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage should then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
<b>Additional detail on measurement units</b>	See reporting guidance for additional detail.
<b>Specific exclusions:</b>	As defined in the reporting guidance
<b>Reporting and assurance:</b>	The company should report its current company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
<b>Measurement unit and decimal places</b>	Percentage of peak week production capacity reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payment

<b>Unique Reference</b>	<b>PR19SVE_G05</b>
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	90% water network plus 10% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

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

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-3.025
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.7 Risk of severe restrictions in a drought

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G06
Detailed definition of performance measure	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on 13 March 2018: <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>
Additional detail on measurement units	<p>NA</p> <p>The metric will be calculated using the following formula:  <i>At risk if, <math>DO - OA &lt; DD + TH</math></i>            Where:            Deployable output (supply) = DO            Outage allowance (unavailable supply) = OA            Dry year demand = DD            Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (i.e. population of</p>

<b>Unique Reference</b>	<b>PR19SVE_G06</b>
	a water resource zone) by the total number of customers served by the company.
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	As defined in the reporting guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk reported to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	%	NA	56.2	56.2	56.2	56.2	56.2
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

**Incentive rates**

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

### 1.1.8 Priority services for customers in vulnerable circumstances

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_E02
<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>
<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)</p> <p>Total households – Total number of households served (recorded on 31 March)</p>



<b>Unique Reference</b>	<b>PR19SVE_E02</b>
	<p>Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)</p> <p>Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)</p>
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	<p>Companies should also report the following information:</p> <p>PSR reach: 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>PSR data-checking: Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p> <p>Regardless of whether an ‘attempted’ contact is undertaken through the company or a third party, we require all performance to be reported as part of the single ‘attempted contact’ measure in the company’s overall performance reporting to Ofwat.</p>
<b>Measurement unit and decimal places</b>	<p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>PSR data checking: percentage of applicable households, reported to one decimal place.</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19SVE_E02</b>
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level Reach</b>	%	NA	2.1	5.2	7.3	8.9	9.7
<b>Performance commitment level: Actual contact</b>	%		17.5	35.0	35.0	35.0	35.0
<b>Performance commitment level: Attempted contact</b>	%		45.0	90.0	90.0	90.0	90.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

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

### 1.1.9 Internal sewer flooding

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F01
Detailed definition of performance measure	<p>The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, updated on 28 April 2018 <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/">https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/</a></p> <p>The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p> <p>Companies might also want to present their performance commitments in absolute numbers to make it easier for customers and stakeholders to understand.</p> <p>The definitive service levels are those expressed as the values normalised per 10,000 sewer connections.</p>
Additional detail on measurement units	<p>Internal flooding: is defined as flooding which enters a building or passes below a suspended floor.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer</p>

Unique Reference	PR19SVE_F01
	<p>including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p> <p>The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.</p>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	<p>This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections.</p> <p>Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
<b>Measurement unit and decimal places</b>	Number of incidents per 10,000 sewer connections, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA

<b>Unique Reference</b>	<b>PR19SVE_F01</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	1.68	1.63	1.58	1.44	1.34
<b>Enhanced underperformance collar</b>	Number		2.35	2.35	2.35	2.35	2.35
<b>Standard underperformance collar</b>	Number		2.56	2.56	2.56	2.56	2.56
<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		0.93	0.91	0.87	0.80	0.74
<b>Enhanced outperformance cap</b>	Number		0.00	0.00	0.00	0.00	0.00

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-22.602
Underperformance payment - enhanced	-33.904
Outperformance payment - standard	18.720
Outperformance payment - enhanced	28.080

### 1.1.10 Pollution incidents

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F02
Detailed definition of performance measure	<p>Pollution Incidents is defined in the following guidance for PR19 – Water &amp; Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf</a></p> <p>The total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar year.</p>
Additional detail on measurement units	As defined in the reporting guidance.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	<p>This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer.</p> <p>Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>

<b>Unique Reference</b>	<b>PR19SVE_F02</b>
<b>Measurement unit and decimal places</b>	Number of pollution incidents per 10,000km wastewater network to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual, 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>	NA
<b>Links to relevant external documents</b>	<p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf</a></p> <p>Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency</p>

**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	24.51	23.74	23.00	22.40	19.50
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		28.73	27.82	26.96	26.25	22.85
<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		8.83	8.55	8.28	8.07	7.02
<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>	-0.610
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.597
<b>Outperformance payment - enhanced</b>	NA



### 1.1.11 Risk of sewer flooding in a storm

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F04
<b>Detailed definition of performance measure</b>	<p>The performance commitment risk of sewer flooding in a storm is defined in the reporting guidance – risk of sewer flooding in a storm, published on 4 April 2019: <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/">https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/</a></p> <p>This measure will record the percentage of the region's population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions.</p>
<b>Additional detail on measurement units</b>	See guidance document for full details of the calculation and measurements units.
<b>Specific exclusions:</b>	As defined in the guidance.
<b>Reporting and assurance:</b>	As defined in the guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA

<b>Unique Reference</b>	<b>PR19SVE_F04</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	4.11	4.07	4.03	3.99	3.95
<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

### 1.1.12 Sewer collapses

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F03
Detailed definition of performance measure	<p>Sewer collapses is defined in the reporting guidance for PR19 – Sewer Collapses per 1000km, published on 4 April 2019.  <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/</a></p> <p>Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment.</p>
Additional detail on measurement units	<p>Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p>

<b>Unique Reference</b>	<b>PR19SVE_F03</b>
<b>Specific exclusions:</b>	As defined in the guidance
<b>Reporting and assurance:</b>	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
<b>Measurement unit and decimal places</b>	Number of collapses per 1000km of sewer network, reported to two decimal places.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	8.00	8.00	8.00	8.00	8.00
<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>	-1.045
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.345
<b>Outperformance payment - enhanced</b>	NA

### 1.1.13 Treatment works compliance

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_C01
<b>Detailed definition of performance measure</b>	<p>Treatment works compliance is defined in the reporting guidance for PR19 – Water &amp; Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p><a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf</a></p> <p>The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.</p>
<b>Additional detail on measurement units</b>	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance above.
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage compliance, reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period

<b>Unique Reference</b>	<b>PR19SVE_C01</b>
<b>Price control allocation</b>	90% wastewater network plus 10% water network plus
<b>Frequency of reporting</b>	Annually on a calendar year basis. For example, performance assessment for 2020-21 will be based on the data collected for the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	100.00	100.00	100.00	100.00	100.00
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		99.00	99.00	99.00	99.00	99.00
<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	-1.945
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.1.14 C-MeX

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_D01
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	PR19SVE_D01
<b>Additional detail on measurement units</b>	<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	PR19SVE_D01
	<p data-bbox="528 327 991 360"><b>Higher performance payments</b></p> <p data-bbox="528 405 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 1374 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 1986">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>PR19SVE_D01</b>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will provide a statement that confirms whether the company offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year.</p> <p>Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.</p>
<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>	<p>'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'</p> <p><a href="https://www.ccwater.org.uk/">https://www.ccwater.org.uk/</a></p> <p><a href="https://www.instituteofcustomerservice.com/">https://www.instituteofcustomerservice.com/</a></p>

## Incentive rates

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

### 1.1.15 D-MeX

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_D02
Detailed definition of performance measure	<p>D-MeX is a measure of customer satisfaction. A company's overall D-MeX score is calculated from two components that contribute equally:</p> <ul style="list-style-type: none"> <li>• qualitative D-MeX score, based on the ratings provided by developer services customers who transacted with the company throughout the reporting year to a customer satisfaction survey; and</li> <li>• quantitative D-MeX score, based on the company's performance against a set of selected Water UK performance metrics throughout the reporting year.</li> </ul> <p>The survey results which are used to calculate the qualitative component of the company's D-MeX score will be supplied by a survey agent appointed by Ofwat. This is supplied out of 100 to form the score for the qualitative component of D-MeX.</p> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score, in place at the time of PR19 final determinations publication, are set out in annex 2 of 'PR19 final determinations: Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'. For each metric, a percentage is reported and a simple average of these metrics is taken. This is rescaled to be out of 100 to form the score for the quantitative component of D-MeX.</p>
Additional detail on measurement units	<p>The company's D-MeX score is calculated using the following formula:</p> $D\text{-MeX score} = 50\% * Qual + 50\% * Quant$ <p>where:</p>

Unique Reference	PR19SVE_D02
	<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>PR19SVE_D02</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>PR19SVE_D02</b>
<b>Links to relevant external documents</b>	<p>'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'</p> <p><a href="https://developerservices.water.org.uk">https://developerservices.water.org.uk</a></p>

### Incentive rates

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



## **1.2 Bespoke performance commitments**

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

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

### 1.2.1 Reducing residential void properties

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_A01
Detailed definition of performance measure	A void property is defined as a property connected for water supply services that is thought to be unoccupied and is therefore not billed. The number of voids is reassessed on an annual basis for each reporting year (1st April – 31st March).
Additional detail on measurement units	NA
Specific exclusions	Excludes non-household properties.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of void household properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	168,053	167,885	167,716	167,548	167,380
<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>	NA
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000159
<b>Outperformance payment - enhanced</b>	NA

## 1.2.2 Reducing residential gap sites

**Purpose:** The performance commitment is designed to incentivise the company to reduce the number of residential gap sites.

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

### Performance commitment definition and parameters

Unique Reference	PR19SVE_A02
Detailed definition of performance measure	The number of current gap sites brought into billing on an annual basis. A gap site is defined as a property connected for water services that is not known to the company and therefore not billed. The performance commitment will be expressed as the number of residential gap sites brought into charge.
Additional detail on measurement units	None
Specific exclusions	Excludes new or existing connections raised by developers through established new connections processes. Excludes non-household properties.
Reporting and assurance	The company is to provide an independent report setting out assurance that it has rigorous processes that are correctly implemented to identify and bill newly built properties.
Measurement unit and decimal places	Number of gap properties brought into billing 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>PR19SVE_A02</b>
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	688	688	688	688	688
<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	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.3 Reducing business void and gap site supply points

**Purpose:** This performance commitment is designed to incentivise the company to identify and bill business void and gap sites.

**Benefits:** Identification and billing of void and gap sites improves the fairness of billing and reduces bills for customers currently paying for services.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_A03
Detailed definition of performance measure	The number of business void and gap sites brought into charge on an annual basis within the Severn Trent region. A void property is defined as one connected for water/wastewater services that is thought to be unoccupied and is therefore not billed. A gap site is defined as a property connected for water services that is not known to the company and therefore not billed.
Additional detail on measurement units	None
Specific exclusions	Properties within the South Staffs region are excluded. Household properties are excluded.
Reporting and assurance	No specific requirement.
Measurement unit and decimal places	Number of business properties brought into billing annually to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments

<b>Unique Reference</b>	<b>PR19SVE_A03</b>
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	50% water network plus 50% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	In determining any adjustment to the relevant price control pursuant to this performance commitment we will take into account the financial consequences of any retail market mechanisms which may be developed, for example under the Market Performance Framework.
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	50	50	50	50	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>	NA
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.00021
<b>Outperformance payment - enhanced</b>	NA



### 1.2.4 Value for Money

**Purpose:** This performance commitment is designed to incentivise the company to deliver a water and wastewater service that represents value for money for customers.

**Benefits:** Assessing customer views on value for money is an important factor in understanding drivers of legitimacy with customers and in monitoring that the quality of service provided to customers continues to improve.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SVE_A04</b>
<b>Detailed definition of performance measure</b>	The percentage of residential customers rating Severn Trent Water's services as good or very good value for money as measured by its independently conducted quarterly Customer Satisfaction Survey. The value for money actual value is determined by the results of the quarterly customer tracking survey.
<b>Additional detail on measurement units</b>	The survey is conducted with a random, representative sample of the Severn Trent Water residential customer base, with a sample size of at least 1000 customers per quarter. The survey is conducted online using a web based survey. The measurement of the survey will be conducted in a consistent way over the 2020 to 2025 period
<b>Specific exclusions:</b>	None
<b>Reporting and assurance</b>	This performance commitment will be measured on a quarterly basis but assured and reported on an annual basis. This survey is conducted by a third party market research company in accordance with the UK Market Research Society code of conduct and all other appropriate standards. It sources the sample of respondents from a specific provider. Reports from these companies will be available for CCWater and Ofwat on request.
<b>Measurement unit and decimal places</b>	Percentage of residential customers rating the company's services in a favourable way (e.g. 'good'/'very good' and 'satisfied'/'very satisfied' in a written scale). 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>PR19SVE_A04</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>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	62.5	63.0	63.5	64.0	64.5
<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

### 1.2.5 Inspiring our customers to use water wisely

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_B01
<b>Detailed definition of performance measure</b>	<p>The number of customers who pledge to change their water use behaviour based on the company's education programme. This performance commitment will report the number of engaged customers who agree to make a behavioural change and follow at least one of the following three target behaviours:</p> <ul style="list-style-type: none"> <li>-Using wonderful water wisely (not wasting water);</li> <li>-Knowing what not to put down the toilet and sink; and</li> <li>-Choosing tap water for a healthy you and a healthy environment (reducing plastics).</li> </ul> <p>For a customer's behavioural change commitment to count towards this measure, the customer must have participated in a face-to-face engagement session of at least 30 minutes' duration provided by the company. The company will invite its customers to agree to behavioural change commitments following this engagement and it will record the number of customers that agree to do this.</p>
<b>Additional detail on measurement units</b>	<p>If a customer agrees to change their behaviour in relation to more than one target behaviour during a single interaction, then the company will count this as a single commitment for the purposes of this measure. However, if a customer agrees</p>

<b>Unique Reference</b>	<b>PR19SVE_B01</b>
	to make separate commitments for different behaviours during multiple separate interactions, then the company will be able to count these as separate behaviour change commitments.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will at least once during the five year period produce a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence.
<b>Measurement unit and decimal places</b>	Number of customers agreeing to change one or more of the three target behaviours 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>	50% water network plus 50% wastewater 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	31,050	31,050	31,050	31,050	31,050
<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>	-0.00000741
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.00000741
<b>Outperformance payment - enhanced</b>	NA

## 1.2.6 Improvements in WFD criteria

**Purpose:** To incentivise the company to improve river water quality to meet the requirements under the Water Framework Directive (WFD).

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

### Performance commitment definition and parameters

Unique Reference	PR19SVE_C02																			
Detailed definition of performance measure	The number of Water Framework Directive (WFD) classification improvements attributable to interventions delivered by the company to improve river water quality and/or quantity. The measurement of classification improvements varies depending on the parameter.																			
Additional detail on measurement units	<p>This performance commitment combines waste, water and eels and comprises four separate elements:</p> <p>1. Wastewater – nutrient, sanitary and ecological measures</p> <p>The number of wastewater WFD classification improvements the company delivers are counted by points. One point is counted for each classification improvement per parameter improved, appropriate to the water company contribution (“fair share”, as agreed with the Environment Agency). The improvement is for a water body into which a discharge is made and based on the modelled improvement. The company will confirm with the Environment Agency that the agreed improvement has been implemented. Points are only counted for changes up to ‘Good’ status according to the following matrix.</p> <table><tr><th rowspan="2">Current class</th><th colspan="3">Improvement delivered</th></tr><tr><th>Poor</th><th>Moderate</th><th>Good</th></tr><tr><td>Moderate</td><td>NA</td><td>NA</td><td>1</td></tr><tr><td>Poor</td><td>NA</td><td>1</td><td>2</td></tr><tr><td>Bad</td><td>1</td><td>2</td><td>3</td></tr></table> <p>With the exception of hazardous substance improvements, points are limited to improvements relating to the following nutrient, sanitary determinand and ecological parameters:</p>	Current class	Improvement delivered			Poor	Moderate	Good	Moderate	NA	NA	1	Poor	NA	1	2	Bad	1	2	3
Current class	Improvement delivered																			
	Poor	Moderate	Good																	
Moderate	NA	NA	1																	
Poor	NA	1	2																	
Bad	1	2	3																	

Unique Reference	PR19SVE_C02
	<p>phosphate; total phosphate (lakes and reservoirs only); ammonia; BOD (biochemical oxygen demand); dissolved oxygen; fish; invertebrates; and macrophytes &amp; phytobenthos.</p> <p>2. Wastewater – chemical quality</p> <p>WFD chemical status is measured on a ‘pass/fail’ basis and encompasses more than 40 named substances. As WFD baseline classification data is limited, points will be linked to the identification of a ‘River Needs’ improvement by the Environment Agency based upon Chemicals Investigation Programme data, and not the River Basin Management Plan 2 (RBMP2) baseline dataset.</p> <p>Points are only claimable for improvements that relate to substances where the Environment Agency is considering imposing discharge permit limits in the 2020-25 period or the following period. Substances for which source control is the current, preferred method of achieving WFD targets, are excluded from the measure. For the 2020-25 period the eligible substances for improvement under this performance commitment are limited to:</p> <p>dissolved zinc (Zn); dissolved nickel (Ni); dissolved copper (Cu); dissolved lead (Pb); dissolved chromium (Cr); total cadmium (Cd); total mercury (Hg); tributyltin and related compounds; hexabromocyclododecane (HBCDD); cypermethrin; Nnonylphenol; triclosan; and diethylhexylphthalate (DEHP).</p> <p>Any ‘River Needs’ improvement identified by the Environment Agency on the basis of data from the United Kingdom Water Industry Research Ltd (UKWIR) co-ordinated Chemical Investigation Programmes 1 or 2 (CIP1, CIP2) is eligible for a</p>

Unique Reference	PR19SVE_C02
	<p>point (on a per parameter basis), provided that the Environment Agency agrees that the proposed intervention: delivers a 'fair share' improvement (and a discharge permit is issued accordingly); or</p> <p>obviates the need for a permit condition (e.g. through works closure or change of discharge location); or</p> <p>is the best technical solution available to treat the substance in question.</p> <p>This element of the performance commitment is included to provide an incentive to incorporate measures to address hazardous substances into the company's 2020-25 period projects where there is a likelihood that further investment could be required in the next period.</p> <p>3. Water – flow</p> <p>The number of water WFD classification improvements that the company delivers is also counted by points and is based on improvement levels appropriate to the water company contribution (as with wastewater). A point is awarded for each intervention delivered that will either improve surface flow, groundwater and/or provide connectivity for ecological habitat through a solution agreed with the Environment Agency. For sites where the company has implemented 'upfront permitting' (whereby it agrees with the Environment Agency future changes in its abstraction licences) in the 2015-20 period and has claimed a point in this period, the company will not claim a point for this in the 2020-25 period when the abstraction licence change comes into effect. However, if during the 2020-25 period the company carries out another agreed significant intervention which further improves the same waterbody further then it may, if the Environment Agency agrees, claim another point in this waterbody.</p> <p>4. Water – eels</p> <p>Any improvement agreed with the Environment Agency that is carried out by the company for the benefit of eels counts as one point per agreed improvement implemented.</p> <p>Improvements will be evaluated at waterbody level and modelled using the Source Apportionment-GIS (SAGIS) model and are subject to confirmation from the Environment Agency.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The company will ask the Environment Agency to confirm that performance has been correctly reported. The view of the Environment Agency will be definitive.



<b>Unique Reference</b>	<b>PR19SVE_C02</b>
<b>Measurement unit and decimal places</b>	Number of improvement points, 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>	End of period
<b>Price control allocation</b>	90% wastewater network plus 10% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

## Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	NA	NA	NA	NA	211
<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>	-0.815
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.815
<b>Outperformance payment - enhanced</b>	NA

### 1.2.7 Biodiversity (Water)

**Purpose:** This performance commitment will incentivise the company to improve the biodiversity of 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	PR19SVE_C03
<b>Detailed definition of performance measure</b>	<p>The number of hectares of land managed in accordance with a biodiversity action plan which is approved by a registered environmental body, such as Natural England or Local Wildlife Trusts, or a Severn Trent funded grant scheme that enhances biodiversity through a series of measures that are pre-agreed with one of these bodies. The measure covers the following biodiversity enhancing activities and land categories:</p> <ul style="list-style-type: none"> <li>• all Sites of Special Scientific Interest (SSSIs) and Special Areas of Conservation (SAC) that the company owns – guided by Natural England;</li> <li>• site-specific biodiversity related activities within the Water Industry National Environment Programme (WINEP) as deemed by the Environment Agency. This includes river restoration interventions delivered as part of the company's abstractions adaptive management programme and covers all 'green' or 'amber' implementation or adaptive management projects with defined drivers;</li> <li>• areas that the company improves through implementation of action plans agreed with a registered environmental body for biodiversity on the land that it owns and are under an implemented biodiversity action plan (i.e. following an ecological survey and agreed an action plan to improve biodiversity and implemented improvements on the back of it);</li> <li>• land owned by the company that is currently managed under countryside stewardship or other third party grant schemes to deliver biodiversity benefits; and</li> <li>• delivery of biodiversity enhancements on land that the company does not own but it can influence through its grant schemes, such as catchment management schemes, which simultaneously benefit biodiversity and water quality rather than purely focusing on the water quality element.</li> </ul>

<b>Unique Reference</b>	<b>PR19SVE_C03</b>
<b>Additional detail on measurement units</b>	Measures that directly relate to rivers will be measured in kilometres, with 1km deemed to be equivalent to 1ha (it assumes a notional 10m river width as per Natural England guidance), to enable the use of externally published data for reporting purposes.
<b>Specific exclusions</b>	<p>The following activities will not contribute negatively towards the measure:</p> <ul style="list-style-type: none"> <li>• damage to SSSIs in the company's ownership caused by third party actions that are outside of its control, for example pollution from agriculture or industry;</li> <li>• adverse impacts of a transitory nature that have occurred in the course of undertaking planned work and with prior written consent from Natural England; and</li> <li>• adverse impacts caused by permit compliant activities (if such circumstances arise, the company will work with Natural England and the Environment Agency to understand the causes). For example, this might include impacts arising from storm overflow or sewage works discharges where these are operating in accordance with the relevant Environment Agency issued permits to discharge.</li> </ul>
<b>Reporting and assurance</b>	<p>i) Delivery of measures contained within WINEP3 will be confirmed through the normal NEP sign-off process overseen by the Environment Agency. This will be on an annual basis each report year.</p> <p>ii) Confirmation of delivery of non-WINEP3 performance commitment measures will be as follows:</p> <p>Maintaining the 'favourable' or 'recovering' status of SSSIs that the company owns will be via annual written confirmation from Natural England to this effect.</p> <p>For the company's landholdings currently under third party management and/or environmental grants for the benefit of biodiversity, evidence confirming that these arrangements remain in place will be updated annually.</p> <p>For SSSIs in the company's ownership where intervention is required to improve condition, written confirmation will be sought from Natural England to the effect that agreed interventions have been implemented.</p> <p>For damage caused to third party owned SSSIs caused by the company's activities (subject to the exceptions), confirmation of hectares damaged will be sought from Natural England annually.</p> <p>Farming for water measures that also deliver a biodiversity benefit: this will be evidenced through the Severn Trent Environmental Protection Scheme (STEPS) system that records the payments made to farmers to implement agreed</p>

<b>Unique Reference</b>	<b>PR19SVE_C03</b>
	<p>biodiversity enhancing measures. This will follow the same format that will be used to assure the company's Farming for water ODI. A pre-agreed list of qualifying biodiversity interventions will be drawn up and agreed by Natural England.</p> <p>Other biodiversity enhancing measures. Evidence of delivery will be through written confirmation from a Wildlife Trust or Natural England or another recognised environmental NGO (e.g. the RSPB), that an agreed set of interventions to enhance biodiversity have been implemented. In the case of partnership schemes, evidence will also be updated annually that sets out how the company has made a clear contribution to delivery (financial or 'in kind', such as through providing staff during paid hours).</p>
<b>Measurement unit and decimal places</b>	Number of hectares of land improved 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>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	190.5	381.0	571.6	762.1	952.6
<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**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.00363
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.00363
<b>Outperformance payment - enhanced</b>	NA

### 1.2.8 Biodiversity (Waste)

**Purpose:** This performance commitment will incentivise the company to improve the biodiversity of land through biodiversity improvement activities.

**Benefits:** Improved land management delivers biodiversity and environmental improvements as well as cost-effective protection against flooding of the wastewater network.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_C04
Detailed definition of performance measure	<p>The number of hectares of land managed in accordance with a biodiversity action plan which is approved by a registered environmental body, such as Natural England or Local Wildlife Trusts, or a Severn Trent funded grant scheme that enhances biodiversity through a series of measures that are pre-agreed with one of these bodies. The measure covers the following biodiversity enhancing activities and land categories:</p> <ul style="list-style-type: none"> <li>• all Sites of Special Scientific Interest (SSSIs) and Special Areas of Conservation (SAC) that the company owns – guided by Natural England;</li> <li>• site-specific biodiversity related activities within the Water Industry National Environment Programme (WINEP) – statutory as deemed by the Environment Agency. This includes river restoration interventions delivered as part of the company's abstractions adaptive management programme and covers all 'green' or 'amber' implementation or adaptive management projects with defined drivers;</li> <li>• areas that the company improves through implementation of action plans agreed with a registered environmental body for biodiversity on the land that it owns and are under an implemented biodiversity action plan (i.e. following an ecological survey we have agreed an action plan to improve biodiversity and implemented improvements on the back of it);</li> <li>• land owned by the company that is currently managed under countryside stewardship or other third party grant schemes to deliver biodiversity benefits; and</li> <li>• delivery of biodiversity enhancements on land that the company does not own but it can influence through its grant schemes, such as catchment management schemes, which simultaneously benefit biodiversity and</li> </ul>

Unique Reference	PR19SVE_C04
	water quality rather than purely focusing on the water quality element.
<b>Additional detail on measurement units</b>	Measures that directly relate to rivers will be measured in kilometres, with 1km deemed to be equivalent to 1ha (it assumes a notional 10m river width as per Natural England guidance), to enable the use of externally published data for reporting purposes.
<b>Specific exclusions</b>	<p>The following activities will not contribute negatively towards the measure:</p> <ul style="list-style-type: none"> <li>• damage to SSSIs in the company's ownership caused by third party actions that are outside of its control, for example pollution from agriculture or industry;</li> <li>• adverse impacts of a transitory nature that have occurred in the course of undertaking planned work and with prior written consent from Natural England; and</li> <li>• adverse impacts caused by permit compliant activities (if such circumstances arise, the company will work with Natural England and the Environment Agency to understand the causes) For example, this might include impacts arising from storm overflow or sewage works discharges where these are operating in accordance with the relevant Environment Agency issued permits to discharge.</li> </ul>
<b>Reporting and assurance</b>	<p>i) Delivery of measures contained within WINEP3 will be confirmed through the normal NEP sign-off process overseen by the Environment Agency. This will be on an annual basis each report year.</p> <p>ii) Confirmation of delivery of non-WINEP3 performance commitment measures will be as follows:</p> <p>Maintaining the 'favourable' or 'recovering' status of SSSIs that the company owns will be via annual written confirmation from Natural England to this effect.</p> <p>For the company's landholdings currently under third party management and/or environmental grants for the benefit of biodiversity, evidence confirming that these arrangements remain in place will be updated annually.</p> <p>For SSSIs in the company's ownership where intervention is required to improve condition, written confirmation will be sought from Natural England to the effect that agreed interventions have been implemented.</p> <p>For damage caused to third party owned SSSIs caused by the company's activities (subject to the exceptions), confirmation of hectares damaged will be sought from Natural England annually.</p>



Unique Reference	PR19SVE_C04
	<p>Farming for water measures that also deliver a biodiversity benefit: this will be evidenced through the Severn Trent Environmental Protection Scheme (STEPS) system that records the payments made to farmers to implement agreed biodiversity enhancing measures. This will follow the same format that will be used to assure the company's Farming for water ODI. A pre-agreed list of qualifying biodiversity interventions will be drawn up and agreed by Natural England.</p> <p>Other biodiversity enhancing measures. Evidence of delivery will be through written confirmation from a Wildlife Trust or Natural England or another recognised environmental NGO (eg the RSPB), that an agreed set of interventions to enhance biodiversity have been implemented. In the case of partnership schemes, evidence will also be updated annually that sets out how the company has made a clear contribution to delivery (financial or 'in kind', such as through providing staff during paid hours).</p>
Measurement unit and decimal places	Number of hectares of land improved to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	0.0	0.0	11.0	69.0	137.8
<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>	-0.00363
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.00363
<b>Outperformance payment - enhanced</b>	NA

### 1.2.9 Satisfactory sludge use and disposal

**Purpose:** To ensure that the company is in compliance with its Environment Agency obligations regarding sludge use and disposal.

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

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_C05
Detailed definition of performance measure	<p>The overall percentage of company sludge satisfactorily used or disposed of in line with version 3 of the Environment Agency's Water and Sewerage Company Environmental Performance Assessment (EPA) methodology (published November 2017), which includes compliance with certain environmental laws and industry agreements in effect at the date of final determination, including:</p> <ul style="list-style-type: none"> <li>• the Sludge (Use in Agriculture) Regulations 1989;</li> <li>• Environmental Permitting (England and Wales) Regulations 2010; and</li> <li>• Water company voluntary compliance with the Safe Sludge Matrix.</li> </ul> <p>The full methodology can be found here:  <a href="https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf">https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</a></p>
Additional detail on measurement units	<p>Reporting is on the basis of tonnes dry solids (tds) disposed to agricultural land in a compliant manner as a percent of total raw tds production.</p> <p>Calculation = <math>1 - \frac{\text{unsatisfactory use or disposal tds utilised}}{\text{total raw tds production}}</math></p> <p>The measurement includes all sludge that the company produces in its wastewater treatment process that it treats. It also includes all sludge traded; both imports and exports.</p> <p>The company will ensure that:</p> <ul style="list-style-type: none"> <li>• sludge imported from 3rd parties meets the same disposal standards as sludge it produces and disposes of.</li> <li>• sludge exported to third parties will be contractually assured to meet the company's own internal standards, and the Environment Agency's EPA requirements before being exported.</li> </ul>

Unique Reference	PR19SVE_C05
<b>Specific exclusions</b>	<p>Exemptions are in line with the current EPA definition 'Environment Agency Environmental Performance Assessment (EPA) Methodology (version 3)' dated November 2017.</p> <p>In this version of the EPA (v3) the following exemptions are included:</p> <ul style="list-style-type: none"> <li>• solids added during the sludge treatment process, e.g. lime added during the treatment process;</li> <li>• grit and screenings and water treatment sludge; and</li> <li>• treatment related breaches that do not result in non-compliant sludges or residual products going to any outlets.</li> </ul> <p>Incineration is considered an 'outlet' for these purposes rather than a treatment.</p>
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage compliance reported to two decimal places.
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% Bioresources
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	%	NA	100.00	100.00	100.00	100.00	100.00
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		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>	-0.157
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.10 Help to pay when you need it

**Purpose:** To deliver improved support to customers experiencing financial vulnerability.

**Benefits:** Supporting customers that struggle to pay, or who are at risk of struggling to pay, is core to delivering trust in the water service. Improved service delivers additional payment support for those that require it the most.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_E01
Detailed definition of performance measure	The percentage of 'in need' customers that receive support through the company's affordability support measures. These support measures include social tariffs, debt write-offs, payment breaks, home water efficiency checks, fixing water and wastewater private issues (relating to water and wastewater assets that customers are responsible for), grants issued through the Severn Trent Trust Fund, payment plan concessions and water health checks.
Additional detail on measurement units	<p>The company's performance is calculated using the formula:</p> $\text{Percentage of customers receiving support} = \frac{\text{Number of households receiving support}}{\text{Number of households in need}}$ <p>The number of households in need is assumed to be 11% of the households supplied by the company in each year.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers in need that receive support, reported 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

<b>Unique Reference</b>	<b>PR19SVE_E01</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	34	42	42	42	43
<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

### 1.2.11 External sewer flooding

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

**Benefits:** A reduction in the number of external sewer flooding reduces disruption and other negative social impacts for customers

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F05
Detailed definition of performance measure	<p>The external sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, updated on 28 April 2018</p> <p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/">https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/</a></p> <p>The performance commitment will be reported as the absolute number of external sewer flooding incidents per year as defined in the reporting guidance, including incidents caused by severe weather. Performance and outcome delivery incentives will be assessed against the absolute numbers.</p>
Additional detail on measurement units	<p>External flooding: is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of curtilages flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of</p>



<b>Unique Reference</b>	<b>PR19SVE_F05</b>
	<p>Private Sewers Regulations 2011 and pumping stations transferred in 2016;</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Full definitions of all relevant terms are defined in the reporting guidance.</p>
<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 incidents to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	3,633	3,574	3,515	3,456	3,397
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		7,661	7,661	7,661	7,661	7,661
<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		2,139	2,104	2,069	2,035	2,000
<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>	-0.0242
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.0100
<b>Outperformance payment - enhanced</b>	NA

## 1.2.12 Sewer blockages

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

**Benefits:** The benefit of this measure is a reduced number of sewer blockages and sewer flooding incidents affecting customers.

### Performance commitment definition and parameters

Unique Reference	PR19SVE_F06
<b>Detailed definition of performance measure</b>	<p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) reported on a reporting year basis.</p> <p>A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour.</p> <p>The full definition can be found in the sewer blockages reporting guidance published 11 December, 2017: <a href="https://www.ofwat.gov.uk/publication/sewer-blockages/">https://www.ofwat.gov.uk/publication/sewer-blockages/</a></p> <p>The company will not include proactively cleaned silt or other blockages that are removed which are not reported to it by customers or stakeholders and have no customer impact.</p> <p>The company will include blockages that are as a result of third party interference.</p>
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of blockages to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period

<b>Unique Reference</b>	<b>PR19SVE_F06</b>
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	43,000	42,000	41,500	41,000	41,000
<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/blockage)
Underperformance payment - standard	-0.0112
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0037
Outperformance payment - enhanced	NA

### 1.2.13 Public sewer flooding

**Purpose:** This performance commitment is designed to incentivise the company to reduce the number of sewer flooding events affecting public highways and footpaths.

**Benefits:** Reduced public sewer flooding will deliver benefits through reduced disruption to customers and other users of highways and footpaths as well as reducing pollution that may enter the environment.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F07
Detailed definition of performance measure	This performance commitment is defined as the number of sewer flooding incidents caused by equipment failures, blockages or collapses (collectively grouped as other causes) affecting public highways/footpaths.
Additional detail on measurement units	<p>The performance commitment will be reported as the absolute number of sewer flooding incidents caused by equipment failures, blockages or collapses (collectively grouped as other causes) affecting public highways/footpaths.</p> <p>A flooding incident is the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids.</p> <p>Number of incidents: is defined as the number of highways/footpaths flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016. If a road floods in two places and the contour of the road is the only reason for two patches of water, then this should be counted as one highway area flooding; If a road floods in two places and the flooding is sufficiently far apart to be deemed as coming from two different inadequacies in the network, then this should be counted as two highway area floodings; If a road floods at a</p>

Unique Reference	PR19SVE_F07
	cross roads or T junction, this should be counted as one highway area flooding.
<b>Specific exclusions</b>	<p>The following areas shall be excluded from the reported numbers:</p> <p>Flooding caused by hydraulically overloaded sewers (as a result of rain or snow melt).</p> <p>Other areas of open space that are not a public highway/footpath i.e. public open space (such as a park), agricultural land, or car parks.</p> <p>Fraudulent reports of flooding made with the intention to gain GSS payments or receive increased service, and there is no evidence of flooding.</p> <p>Flooding caused by the blockage or failure of a gully, shared by two or more properties and connected to a public sewer, or blockage of the gully grating, or the failure of any pipework above ground, shall be excluded.</p> <p>Flooding caused by assets which are beyond the company's control are also excluded, for example:</p> <ul style="list-style-type: none"> <li>i) Flooding due to surface water run off which has not originated from public sewers;</li> <li>ii) Fluvial flooding;</li> <li>iii) Coastal flooding;</li> <li>iv) Groundwater which has not originated from a public sewer;</li> <li>v) Flooding from water mains ; or</li> <li>vi) Incidents caused by highway drains and private assets. The Water UK "Guide to Transfer of Private Sewers Regulations 2011", published on 30th September 2011 shall be applied to assess if the flooding incident should be attributed to the water company or a different party's asset.</li> </ul>
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of sewer flooding incidents 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>Unique Reference</b>	<b>PR19SVE_F07</b>
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	2,005	1,975	1,945	1,915	1,884
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		2,554	2,515	2,477	2,438	2,400
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		1,456	1,434	1,412	1,391	1,369
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0245
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0123
Outperformance payment - enhanced	NA

### 1.2.14 Green communities

**Purpose:** Incentivising the company to build sustainable drainage and water management features.

**Benefits:** Sustainable drainage and water management features provide wider benefits to customers than traditional drainage solutions including improved water quality and biodiversity as well as providing more attractive landscapes.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F08
Detailed definition of performance measure	The amount of natural and social capital value that the company creates for local communities through the construction of sustainable drainage and water management features that are used to manage flows, volumes and water quality of water that has entered the public sewerage system or for the purpose of reducing the volume of surface water entering public sewers or the rate at which it does so.
Additional detail on measurement units	<p>To measure the value of natural and social capital created the company will use a tool called B£ST (Benefits of SuDS Tool). The B£ST Tool was first created in 2015 through a project commissioned by CIRIA (the Construction Industry Research and Information Association – an independent, member based, not-for-profit research organisation). The B£ST tool was developed through understanding the potential range of benefits that a SuDS (sustainable drainage system) could provide. These benefits were then quantified as a monetary equivalent value using a range of potential valuation data sources and methods.</p> <p>The company will use the updated 2019 version for the calculation of its performance commitment.</p>



Unique Reference	PR19SVE_F08
	<p>The inputs to the tool are the details of the sustainable drainage features the company is installing. The tool has built in calculations that works out the value of benefit created in each category. These benefits are totalled over 25 years with a discount rate of 3.5% applied to convert to a present value. To measure the value that the company creates it will be using B£ST (Benefits of SuDS Tool). It will exclude some benefit categories from the tool when calculating a value created. This is because some benefit categories double count the company's core duties, such as resolving flooding, and some have less certainty in the value they create, such as crime reduction. These particular benefit categories will be removed before any calculation. The benefits which will be used with the B£ST benefit assessment will be limited to:</p> <ul style="list-style-type: none"> <li>• Air quality</li> <li>• Amenity</li> <li>• Carbon sequestration</li> <li>• Education</li> <li>• Health Rainwater harvesting</li> <li>• Recreation</li> <li>• Water quality</li> </ul>
<b>Specific exclusions:</b>	<p>All other benefit categories in the B£ST tool will be excluded from the calculation.</p> <p>There is the possibility that some of the value the company creates could already be counted as part of one of its other performance commitments, namely the Biodiversity performance commitment or the Water Framework Directive performance commitment. Where this is the case the company will exclude the relevant benefit categories from its value calculation. This will be done and independently assured on a case-by-case basis.</p>
<b>Reporting and assurance</b>	<p>The company will provide an independent assurance report that details how benefits have been generated and assurance that benefits counted by other performance commitments are not included.</p>
<b>Measurement unit and decimal places</b>	£ millions to three 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</b>	In-period

<b>Unique Reference</b>	<b>PR19SVE_F08</b>
<b>and outperformance payments</b>	
<b>Price control allocation</b>	100% wastewater network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	£m	NA	0.120	0.120	0.120	0.120	0.120
<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)
Underperformance payment - standard	-0.500
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.500
Outperformance payment - enhanced	NA

### 1.2.15 Collaborative flood resilience

**Purpose:** This measure incentivises the company to reduce flood risk for customers by working collaboratively with other Risk Management Authorities (RMAs) and organisations.

**Benefits:** This measure will benefit customers through reducing the risk and frequency of flooding incidents.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_F09
Detailed definition of performance measure	The number of properties and areas benefitting from a reduced risk of flooding from the sewer network; which has been achieved by working in collaboration with other Risk Management Authorities (RMAs) or other organisations.
Additional detail on measurement units	<p>The number of properties and areas that benefit from reduced risk of flooding from the sewer network.</p> <p>Properties that benefit from reduced risk: includes internal flooding (affecting a habitable building or attached garage) or external flooding (affecting a curtilage of a property – e.g. a garden or driveway). Definitions of internal and external flooding align with the respective sewer flooding performance commitments. A property will only be counted as either internal or external, not both.</p> <p>Area that benefit from reduced risk: An area is a public highway. One highway counts as one area. If more than one highway benefits, then each additional highway will count as an additional area if it is a different postcode area.</p> <p>Risk of Flooding: Includes both observed and predicted. The baseline flood risk and the reduction in flood risk attributed to the scheme / intervention will be quantified using a hydraulic model. The hydraulic model will be assessed and must be</p>

Unique Reference	PR19SVE_F09
	<p>deemed 'fit for purpose' in accordance with the company's wastewater hydraulic modelling Standard Operating Procedures (SOP) which will be aligned with the Code of Practice for the Hydraulic Modelling of Urban Drainage Systems (CIWEM, 2017).</p> <p>Reduced risk of flooding: To count a property or area as benefitting from a reduced risk of flooding from the sewer network the likelihood must be reduced by at least a 10 year return period and a minimum protection standard of 1-in-20 year return period must be met. The maximum protection standard is a 1-in-200 year return period, above which any further protection will not qualify for the purposes of this performance commitment. The 1-in-200 year standard aligns with the point at which FCERM Flood Defence Grant in Aid flood risk category moves from MODERATE to LOW.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of properties and areas to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	Number	NA	NA	NA	NA	NA	360
<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>	-0.0344
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.0344
<b>Outperformance payment - enhanced</b>	NA

### 1.2.16 Speed of response to visible leaks

**Purpose:** To incentivise the company to reduce the time it takes to repair customer reported significant visible leaks on the company's network.

**Benefits:** This will reduce the amount of water that is wasted through leaks and demonstrate that the company is responding to leaks that customers report.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G07
Detailed definition of performance measure	The average time taken to fix and reinstate customer reported significant visible leaks on Severn Trent Water's network.
Additional detail on measurement units	<p>The time to fix the leak is taken from the time of customer contact to the time the leak is fixed and reinstated, as documented in the company's SAP system.</p> <p>The average time is expressed in decimal days and is measured as an arithmetic average of all leaks included within the measure. For example 5 days 12 hours is reported as 5.5 days. Time to respond for each leak includes time to fix and reinstate the leak area which includes a complete removal of barriers and traffic management.</p> <p>The definition of significant covers:</p> <ul style="list-style-type: none"> <li>• any leak considered an emergency;</li> <li>• any leak causing a water supply interruption of any duration;</li> <li>• any leak which requires fixing to avoid deterioration in the company's water supply levels of service;</li> <li>• any other work that allows immediate response; and</li> <li>• any work that is covered under the two hour notice (two hour notice covers urgent works which are permitted to start immediately and require a notice within two hours of the works starting).</li> </ul> <p>All other customer reported leaks are excluded, for example, in the event that the leak is near a gas main or a high voltage electricity cable and is not subject to the two hour notice and could take a number of months for permission to be granted. Classification of each leak into significant/not significant should be recorded and evidenced with appropriate reasons including any notices or permits.</p> <p>This performance commitment only considers leaks on pipes for which Severn Trent Water has responsibility. This excludes customer supply pipes and private water supply networks.</p>
Specific exclusions	None

<b>Unique Reference</b>	<b>PR19SVE_G07</b>
<b>Reporting and assurance</b>	The company must also report the number of leaks that were classified as significant and non-significant split between the reasons that leaks were reported as non-significant.
<b>Measurement unit and decimal places</b>	Days 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 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>	Days	NA	6.9	6.1	5.4	4.6	3.8
<b>Enhanced underperformance collar</b>	Days		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Days		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Days		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Days		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Days		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Days		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-1.073
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	1.073
<b>Outperformance payment - enhanced</b>	NA



### 1.2.17 Persistent low pressure

**Purpose:** This measure is designed to incentivise the company to reduce the number of days for which properties supplied by the company experience persistent low pressure.

**Benefits:** The benefit of this is to reduce the number of customers that are affected by persistent low pressure.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G08
Detailed definition of performance measure	The number of low pressure days experienced by residential properties which have exceeded the persistent low pressure threshold.
Additional detail on measurement units	<p>Low pressure reference level is defined in the reporting guidance published 11 December 2017 'Properties at risk of receiving low pressure':  <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> <p>Only low pressure exceeding the persistent low pressure threshold will be counted. Persistent threshold covers properties which have experienced more than 25 low pressure days within a five year rolling period.</p> <p>The pressure breach must be greater than, or equal to, one hour in the day to be included against this measure. Any pressure loggers that average over a time period of one hour will require two readings of a pressure breach to qualify, whereas any pressure loggers that average over a time period of greater than one hour will only require one reading of a pressure breach.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of property days to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments

<b>Unique Reference</b>	<b>PR19SVE_G08</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

		<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	19,471	18,869	18,266	17,664	17,062
<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	-0.000464
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000464
Outperformance payment - enhanced	NA

### 1.2.18 Abstraction Incentive Mechanism (AIM)

**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 reducing water abstraction from them during lower levels of flow.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G09
Detailed definition of performance measure	<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 two sites for AIM for the period 2020-25:</p> <p>Dunhampton: The trigger threshold for this site is 61.0m above ordnance datum (AOD) and it has a baseline of 2.05 MI/day</p> <p>Highgate: The trigger threshold for this site is 132.0mAOD and it has a baseline of 5 MI/day</p> <p>The target for this performance commitment is to abstract no more than our baseline daily average abstraction quantity of 2.05 MI/d at Dunhampton and 5 MI/d at Highgate whenever their trigger thresholds are crossed. The trigger threshold for Dunhampton is 61mAOD and 132mAOD for Highgate. As the trigger threshold is only crossed during dry weather some</p>

<b>Unique Reference</b>	<b>PR19SVE_G09</b>
	<p>years the trigger threshold may not be crossed whilst others it may be crossed for an unpredictable amount of time.</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published in 2016:</p> <p><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, if the AIM baseline was 5 MI/day and if the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the trigger threshold. If flows were below the threshold for 100 days then the company has improved its performance relative to the baseline by (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.</p>
<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 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 resources
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19SVE_G09</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>	Megalitre	NA	0	0	0	0	0
<b>Enhanced underperformance collar</b>	Megalitre		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Megalitre		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Megalitre		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Megalitre		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Megalitre		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Megalitre		NA	NA	NA	NA	NA

**Incentive rates (Highgate)**

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00120
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00120
Outperformance payment - enhanced	NA

**Incentive rates (Dunhampton)**

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000136
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000136
Outperformance payment - enhanced	NA

### 1.2.19 Resilient supplies

**Purpose:** The purpose of this performance commitment is to enhance the levels of supply resilience for the company's customers and protect them from experiencing long interruptions.

**Benefits:** This will incentivise the company to provide more customers with an enhanced level of resilience allowing supplies to be restored within 24 hours of a single failure event.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SVE_G10</b>
<b>Detailed definition of performance measure</b>	The percentage of customers whose service to the tap can be restored within 24 hours of a single failure event in their normal supply route.
<b>Additional detail on measurement units</b>	<p>The performance commitment covers resilience capability during normal conditions, e.g. average demand and treatment outage levels in the event of a single failure.</p> <p>Single failure: a failure that results from a failure of one type - an asset failure or operational failure.</p> <p>The performance commitment measures:</p> <p>Increases in resilience delivered through the proposed resilience capital investment programme will be evidenced by contract completion documentation for individual projects.</p> <p>Increases delivered through operational response activity will be evidenced through an update to Network Analysis used as part of the methodology to determine the end of 2015-20 control period baseline percentage.</p> <p>As this performance commitment measures the expected percentage given any single incident, actual supply restrictions are not specifically taken into account. The company should consider following any supply restriction lasting longer than 24 hours if its network analysis should be updated.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage (%) of customers whose supply can be restored within 24 hours, reported to one decimal place.
<b>Measurement timing</b>	Reporting year

<b>Unique Reference</b>	<b>PR19SVE_G10</b>
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<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>	Proposal is aligned with four components of resilience (resistance, reliability, redundancy and response & recovery) published by the Cabinet Office 'Keeping the Country Running: Natural Hazards and Infrastructure' in October 2011.
<b>Links to relevant external documents</b>	NA



**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Performance commitment level</b>	%	NA	NA	NA	NA	NA	96.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

**Incentive rates**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-3.502
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	3.502
<b>Outperformance payment - enhanced</b>	NA

## 1.2.20 Resolution of low pressure complaints

**Purpose:** This performance commitment is designed to incentivise the company to resolve low pressure complaints without customers needing to contact the company more than once.

**Benefits:** The benefit is an improvement in the rate of first time resolution of pressure complaints and increased speed with which the company responds to these complaints, therefore reducing customer dissatisfaction.

### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SVE_G11</b>
<b>Detailed definition of performance measure</b>	The percentage of customers who report a low pressure or poor supply issue and have their complaint resolved without having to contact the company for a second time.
<b>Additional detail on measurement units</b>	NA
<b>Specific exclusions:</b>	When customers call in to report a poor supply or low pressure issue, it is documented in the Customer Contact Centre as a 'poor supply' contact, with the code WSPS. If the customer contacts the company for a second time, with a poor supply or low pressure issue, this will count against this performance commitment unless the contact occurs before the company had the opportunity to visit the customer (the 'opportunity' timeframe has been defined as when the company agrees the first appointment with the customer). If the contact occurs during a supply interruption (for example caused by a burst main), this will always be counted as a first time contact as it is indicative of a new (temporary) network issue rather than an unresolved low pressure problem. If the event is closed and the customer contacts the company again, this will count as a second complaint.
<b>Reporting and assurance:</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage 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</b>	In-period

<b>Unique Reference</b>	<b>PR19SVE_G11</b>
<b>and outperformance payments</b>	
<b>Price control allocation</b>	75% water network plus 25% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	91.0	92.0	93.0	94.0	95.0
<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	-0.075
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.075
Outperformance payment - enhanced	NA

### 1.2.21 Increasing water supply capacity

**Purpose:** This performance commitment measures the amount of additional water available due to the successful completion of key schemes by the company.

**Benefits:** This performance commitment will incentivise the company to increase the water supply capacity required to maintain the forecast supply demand balance (SDB).

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G12
<b>Detailed definition of performance measure</b>	<p>This performance commitment measures the additional resource capacity up to the total of 68.5 MI/d that will be delivered by 31<sup>st</sup> March 2025 through the delivery of three schemes that are contributing directly to the target. The schemes are:</p> <p>Nottinghamshire supply demand scheme 1</p> <p>Nottinghamshire supply demand scheme 2</p> <p>North Staffordshire supply demand scheme</p> <p>The aggregated 68.5 MI/d benefit will be realised in 2025/26, however the beneficial use will be available from 31<sup>st</sup> March 2025.</p>
<b>Additional detail on measurement units</b>	<p>The measure is based on the yield produced by the schemes, specifically the deployable output in megalitres per day (MI/d). deployable output (DO) is a modelled supply figure which</p>

Unique Reference	PR19SVE_G12
	<p>gives the theoretical output of a source or set of sources in a specific scenario (dry year annual average (DYAA)) as set out in the company's water resources management plan (WRMP). The methodology is set out in the water resources planning guidelines.</p> <p>Independent technical assurance will be sought to review progress against the project delivery plan during the 2020-25 period to demonstrate and evidence that all elements are on track for completion and commissioning by the completion date.</p> <p>The two steps to measure the additional resource capacity that is delivered by 31<sup>st</sup> March 2025 are to provide confirmation that each of the individual schemes themselves has been completed; and evidence that the DO benefit (in Ml/d) of each scheme has been realised in line with the list under the detailed definition.</p> <p>Each scheme is considered to be delivered once the asset concerned is functionally completed and successfully commissioned. Proof of commissioning will be used to demonstrate each scheme is complete.</p> <p>In addition, the total DO benefit of 68.5 Ml/d is to be demonstrated. To ensure that this benefit is realised after the schemes are completed, individual Water Resource Zone (WRZ) modelling is to be undertaken and the realised DO benefit assured and evidenced to Ofwat along with the model outputs.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	An independent report will be provided in July 2024 setting out the expected beneficial use available from 31 <sup>st</sup> March 2025.
<b>Measurement unit and decimal places</b>	Megalitres per day (Ml/d) to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	RCV
<b>Incentive type</b>	Underperformance payment
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Annual

<b>Unique Reference</b>	<b>PR19SVE_G12</b>
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Megalitres per day	NA	0.0	0.0	0.0	0.0	68.5
<b>Enhanced underperformance collar</b>	Megalitres per day		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Megalitres per day		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Megalitres per day		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Megalitres per day		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Megalitres per day		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Megalitres per day		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.660
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

### 1.2.22 Number of water meters installed

**Purpose:** To incentivise an increase in the number of water meters that are installed at customer properties.

**Benefits:** Providing customers with meters improves demand management (through leakage and customer demand).

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_G13
Detailed definition of performance measure	The total number of selective and optant meters installed per reporting year. Where selective meters are taken to mean those selected by the company for meter installation and optant meters are taken to mean those where the customer has requested a meter installation.
Additional detail on measurement units	The measure applies to meters installed in residential customers' properties and includes newly installed meters only.
Specific exclusions	Non-household and non-revenue water meters are excluded from the measure. Replacement meters are excluded from this measure. New metered household connections are excluded from this measure.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of water meters to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue

<b>Unique Reference</b>	<b>PR19SVE_G13</b>
<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>	NA
<b>Links to relevant external documents</b>	NA

### Performance commitment levels

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	41,131	56,686	62,868	74,145	90,169
<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	-0.000103
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000103
Outperformance payment - enhanced	NA

### 1.2.23 Water quality complaints

**Purpose:** This performance commitment incentivises the company 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 customer contacts it receives in relation to the appearance of drinking water.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_H02
<b>Detailed definition of performance measure</b>	<p>The customer contact classification guidance is defined by the Drinking Water Inspectorate (DWI) in <i>Information Letter 1/2006</i>, 6 January 2006:</p> <p><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></p> <p>Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance and taste and odours will be included in this measure.</p>
<b>Additional detail on measurement units</b>	The number of times the company is contacted due to the taste and smell of drinking water, or due to drinking water not being clear, reported in absolute numbers.
<b>Specific exclusions</b>	See the guidance above for a full list of exclusions
<b>Reporting and assurance</b>	The company is also required to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.
<b>Measurement unit and decimal places</b>	Number of customer contacts reported to zero decimal places.
<b>Measurement timing</b>	Calendar year

<b>Unique Reference</b>	<b>PR19SVE_H02</b>
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	25% Water resources 75% Water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	9,800	9,700	9,600	9,500	9,500
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		13,882	13,740	13,599	13,457	13,457
<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		8,253	8,168	8,084	8,000	8,000
<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>	-0.003
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.003
<b>Outperformance payment - enhanced</b>	NA

## 1.2.24 Farming for Water

**Purpose:** This performance commitment is designed to incentivise a reduction in raw water quality risk through an increase in catchment schemes which provide the company with improved control over land management practices.

**Benefits:** This performance commitment improves raw water quality by incentivising the company to increase the number of catchment management schemes. By improving the quality of raw water through catchment management practices, the cost of treating the water is reduced.

### Performance commitment definition and parameters

Unique Reference	PR19SVE_H03
Detailed definition of performance measure	This performance commitment measures the number of catchment schemes where the company has improved control of raw water quality risk from specific pollutants by engaging with farmers and changing farming practices.
Additional detail on measurement units	Improvements in control are defined as changes in the Effectiveness of Control (EoC) classifications within the Catchment Risk Assessment (CRA) of our Drinking Water Safety Plan. There are three EoC classifications (Effective/Partially Effective/Ineffective). These will be assigned by the company according to changes in Key Performance Indicators (KPIs) that are specific to each catchment scheme. These KPIs will cover percentage reduction in loading into raw water supply / intake (catchment outlet) for: <ul style="list-style-type: none"> <li>• Metaldehyde</li> <li>• Pesticides</li> <li>• Nitrate</li> <li>• Cryptosporidium</li> </ul>
Specific exclusions	There are no specific exclusions.
Reporting and assurance	The company will provide details on delivery of company's internal monthly Key Performance Indicators (KPIs) against this measure.
Measurement unit and decimal places	Number of catchment schemes, reported to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	End of period

<b>Unique Reference</b>	<b>PR19SVE_H03</b>
<b>and outperformance payments</b>	
<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

		<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	NA	NA	NA	NA	16
<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	-1.157
Underperformance payment - enhanced	NA
Outperformance payment - standard	1.157
Outperformance payment - enhanced	NA

### 1.2.25 Protecting our schools from lead

**Purpose:** This performance commitment is designed to incentivise the company to reduce the risk of lead being consumed in tap water in schools.

**Benefits:** This performance commitment reduces the risk posed to children at schools and nurseries from lead in drinking water.

#### Performance commitment definition and parameters

Unique Reference	PR19SVE_H04
Detailed definition of performance measure	<p>The number of schools and nurseries in the region where the company has taken action to minimise the risk of lead in their supply of drinking water.</p> <p>The company will offer all necessary action to minimise the risk from lead, including replacing the communication pipe and raising the risk to the school or nursery alongside bringing to its notice information from the public domain on how the school or nursery could reduce its risk on service pipes and plumbing.</p>
Additional detail on measurement units:	<p>If the school or nursery chooses not to replace their service pipe/lead plumbing or lead solder, then as long as the company has offered appropriate advice and replaced the lead communication pipe (if present) then this can be counted as fulfilling its commitment.</p> <p>The company is encouraged to consider how it can work with schools and nurseries, and where necessary, go beyond the requirements of the performance commitment to deliver the benefit that water in schools is free of lead.</p>
Specific exclusions	NA

<b>Unique Reference</b>	<b>PR19SVE_H04</b>
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	The number of schools 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>	End of 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	NA	NA	NA	NA	500
<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>	-0.004
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.004
<b>Outperformance payment - enhanced</b>	NA



## Annex 1: Key performance commitments for Severn Trent Water

Details of the key performance commitments that we present in Table 1.2 of 'PR19 final determinations: Severn Trent 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>29% reduction in pollution incidents by 2024-25*</li> </ul>	$\frac{(19.5 - 27.41)nr/10000km}{27.41nr/10000km} \times 100 = -29\%$
<ul style="list-style-type: none"> <li>21% reduction in internal sewer flooding incidents by 2024-25*</li> </ul>	$\frac{(1.34 - 1.70)nr/10000km}{1.70nr/10000km} \times 100 = -21\%$
<ul style="list-style-type: none"> <li>43% reduction in water supply interruptions by 2024-25*</li> </ul>	$\frac{(5 - 8min50sec)}{8min50sec} \times 100 = -43\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> <li>8% reduction in external sewer flooding incidents by 2024-25</li> </ul>	$\frac{(3,397 - 3,692)nr}{3,692nr} \times 100 = -8\%$
<ul style="list-style-type: none"> <li>7% reduction in public sewer flooding by 2024-25</li> </ul>	$\frac{1884 - 2035}{2035} \times 100 = -7\%$
<ul style="list-style-type: none"> <li>5% reduction in sewer blockages by 2024-25</li> </ul>	$\frac{41000 - 43215}{43215} \times 100 = -5\%$
<ul style="list-style-type: none"> <li>5% reduction in water quality complaints by 2024-25</li> </ul>	$\frac{(9,500 - 10,011)nr}{10,011nr} \times 100 = -5\%$
<ul style="list-style-type: none"> <li>64.5% customer satisfaction for value for money by 2024-25</li> </ul>	<i>The metric for this performance commitment is a percentage point</i>

<ul style="list-style-type: none"><li>• 43% of customers get help to pay when they need it by 2024-25</li></ul>	<i>The metric for this performance commitment is a percentage point</i>
<ul style="list-style-type: none"><li>• 96% customers with an enhanced level of resilient supplies by 2024-25</li></ul>	<i>The metric for this performance commitment is a percentage point</i>

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

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

### **Introduction**

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

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

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

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

### **PR19 performance commitments**

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

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

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

## Procedures for changing performance commitments

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

## Errors in performance commitments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Reconciling ODIs following changes**

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

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

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

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

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

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

Ofwat  
Centre City Tower  
7 Hill Street  
Birmingham B5 4UA

Phone: 0121 644 7500  
Fax: 0121 644 7533  
Website: [www.ofwat.gov.uk](http://www.ofwat.gov.uk)  
Email: [mailbox@ofwat.gov.uk](mailto:mailbox@ofwat.gov.uk)

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