

December 2019

# PR19 final determinations

**South East Water – Outcomes performance  
commitment appendix**

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

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

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

The appendix provides the following information on each performance commitment:

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

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

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

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

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

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

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

## **1.1 Common performance commitments**

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

A number of companies receive enhanced outcome delivery incentives for certain common performance commitments. 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	PR19SEW_A.1
<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>	10% water resources 90% water network plus

<b>Unique Reference</b>	<b>PR19SEW_A.1</b>
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

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

### Incentive rates

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.521
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	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

<b>Unique Reference</b>	<b>PR19SEW_B.1</b>
<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> $\frac{((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption})}{\text{Total number of properties supplied (year end)}} = \text{average number of minutes lost per customer}$ <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p> <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>Unique Reference</b>	<b>PR19SEW_B.1</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>	95% water network plus 5% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The outcome delivery incentive 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		00:04:39	00:04:04	00:03:31	00:02:58	00:02:24
<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>	-0.190
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.190
<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	PR19SEW_D.1
<b>Detailed definition of performance measure</b>	<p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on 27 March 2018:</p> <p><a href="https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/">https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</a></p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
<b>Additional detail on measurement units</b>	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company's control.</p> <p>As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-</p>

<b>Unique Reference</b>	<b>PR19SEW_D.1</b>
	<p>20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or five year average basis, we assume the 2019-20 annual performance commitment level is equal to the average level specified in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
<b>Specific exclusions:</b>	As defined in the reporting guidance.
<b>Reporting and assurance:</b>	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
<b>Measurement unit and decimal places</b>	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	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	0.2	0.4	2.0	5.0	9.7
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		-5.0	-5.0	-5.0	-5.0	-5.0
<b>Standard underperformance collar for tier 1 standard underperformance rate – percentage reduction</b>	%		0.0	0.0	0.0	0.0	0.0
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		4.7	5.0	6.7	9.7	14.3
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment tier 1 - standard	-0.663
Underperformance payment tier 2 - standard	-0.454
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.379
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	PR19SEW_E.1
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</p>

<b>Unique Reference</b>	<b>PR19SEW_E.1</b>
	<p>2019-20 service level is not met due to reasons which we consider to be within the company’s control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels 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.</p>
<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>	<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 litres/person/day (l/p/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>	<p>25% water network plus</p> <p>75% residential retail</p>
<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 litres/person/day (l/p/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	1.1	2.9	4.6	5.8	7.2
<b>Enhanced underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap – percentage reduction</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.136
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.136
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

<b>Unique Reference</b>	<b>PR19SEW_B.2</b>
<b>Detailed definition of performance measure</b>	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on 27 March 2018. <a href="https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/">https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/</a> It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
<b>Additional detail on measurement units</b>	Mains repairs – This includes all physical repair work to mains from which water is lost. Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company’s active leakage control (ALC) or its own leak detection activity. Reactive repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.



<b>Unique Reference</b>	<b>PR19SEW_B.2</b>
<b>Measurement unit and decimal places</b>	Number of repairs per 1000km of mains, reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water network plus
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	number	NA	173.9	171.5	169.1	166.7	164.3
<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>	-0.070
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.1.6 Unplanned outage

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_B.3
Detailed definition of performance measure	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4 April 2019:</p> <p><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>
Additional detail on measurement units	See reporting guidance for additional detail.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance	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.
Measurement unit and decimal places	Percentage of peak week production capacity, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue

<b>Unique Reference</b>	<b>PR19SEW_B.3</b>
<b>Incentive type</b>	Underperformance payment
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	95% water network plus 5% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	%	NA	4.23	3.76	3.28	2.81	2.34
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		8.46	8.46	8.46	8.46	8.46
<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	-0.625
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	PR19SEW_G.1
<b>Detailed definition of performance measure</b>	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on 13 March 2018: <a href="https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/">https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/</a></p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
<b>Additional detail on measurement units</b>	<p>The metric will be calculated using the following formula:  <math display="block">\text{At risk if, } DO - OA &lt; DD + TH</math>           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 (ie population of a water resource zone) by the total number of customers served by the company.</p>
<b>Specific exclusions:</b>	As defined in the reporting guidance.

<b>Unique Reference</b>	<b>PR19SEW_G.1</b>
<b>Reporting and assurance</b>	As defined in the reporting guidance.
<b>Measurement unit and decimal places</b>	Percentage of population at risk reported to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

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

**Incentive rates**

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

### 1.1.8 Priority services for customers in vulnerable circumstances

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_J.1
<p><b>Detailed definition of performance measure</b></p>	<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>
<p><b>Additional detail on measurement units</b></p>	<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>PR19SEW_J.1</b>
	<p>Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)</p> <p>Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Companies should also report the following information:</p> <p><b>PSR reach:</b> companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p><b>PSR data-checking:</b> Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p> <p>Regardless of whether an ‘attempted’ contact is undertaken through the company or a third party, we require all performance to be reported as part of the single ‘attempted contact’ measure in the company’s overall performance reporting to Ofwat.</p>
<b>Measurement unit and decimal places</b>	<p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>Attempted contacts: percentage of applicable households, reported to one decimal place.</p>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA

<b>Unique Reference</b>	<b>PR19SEW_J.1</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: Reach</b>	%	NA	3.2	5.0	7.0	8.9	10.8
<b>Performance commitment level: Actual contact</b>	%		17.5	35.0	35.0	35.0	35.0
<b>Performance commitment level: Attempted contact</b>	%		45.0	90.0	90.0	90.0	90.0
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.1.9 C-MeX

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.1
<p><b>Detailed definition of performance measure</b></p>	<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>
<p><b>Additional detail on measurement units</b></p>	<p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> $C-MeX\ score = 50\% * CS-CSAT + 50\% * CE-CSAT$ <p>Each CSAT score is rescaled to be out of 100.</p> <p>Three points are deducted from the C-MeX score if the company does not offer at least five communication channels, including three online channels, to receive contacts from customers.</p> <p><b>Standard payments</b></p>

Unique Reference	PR19SEW_C.1
	<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>  <math display="block">(score - median) * (6\% / (maximum - median))</math></p> <p><i>if score &lt; median :</i>  <math display="block">(score - median) * (12\% / (median - minimum))</math></p> <p><i>if score = median :</i>  <math display="block">0\%</math></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> <p><b>Higher performance payments</b></p> <p>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>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p>

<b>Unique Reference</b>	<b>PR19SEW_C.1</b>
	$C\text{-MeX ASUQ} = C\text{-MeX Mean} + (UKCSI ASUQ - UKCSI Mean) / UKCSI SD * C\text{-MeX SD}$ <p>where:</p> <ul style="list-style-type: none"> <li>• 'C-MeX Mean' is the mean average of all water companies' C-MeX scores;</li> <li>• 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys);</li> <li>• 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year;</li> <li>• 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year; and</li> <li>• 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies.</li> </ul> <p>The underlying methodology for the UKCSI may change during the 2020-25 period. We will continue to use future iterations of the UKCSI upper quartile, mean and standard deviation for the purposes of C-MeX. However, if the UKCSI methodology moves away from a league table approach such that we cannot quantify an upper quartile or no longer has a sufficient number of water companies in its sample, we will use the last appropriate UKCSI results instead in our in-period determinations.</p>
<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</b>	In-period

<b>Unique Reference</b>	<b>PR19SEW_C.1</b>
<b>and outperformance payments</b>	
<b>Price control allocation</b>	100% residential retail
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	The company's C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in the company's 'Allowed revenue appendix' or as updated following any interim determinations or in-period ODI adjustments in the 2020-25 period).
<b>Links to relevant external documents</b>	'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix' <a href="https://www.ccwater.org.uk/">https://www.ccwater.org.uk/</a> <a href="https://www.instituteofcustomerservice.com/">https://www.instituteofcustomerservice.com/</a>

### Incentive rates

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

### 1.1.10 D-MeX

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_F.1
<p><b>Detailed definition of performance measure</b></p>	<p>D-MeX is a measure of customer satisfaction. A company’s overall D-MeX score is calculated from two components that contribute equally:</p> <ul style="list-style-type: none"> <li>• qualitative D-MeX score, based on the ratings provided by developer services customers who transacted with the company throughout the reporting year to a customer satisfaction survey; and</li> <li>• quantitative D-MeX score, based on the company’s performance against a set of selected Water UK performance metrics throughout the reporting year.</li> </ul> <p>The survey results which are used to calculate the qualitative component of the company’s D-MeX score will be supplied by a survey agent appointed by Ofwat. This is supplied out of 100 to form the score for the qualitative component of D-MeX.</p> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company’s D-MeX score, in place at the time of PR19 final determinations publication, are set out in annex 2 of ‘PR19 final determinations: Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’. For each metric, a percentage is reported and a simple average of these metrics is taken. This is rescaled to be out of 100 to form the score for the quantitative component of D-MeX.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company’s D-MeX score is calculated using the following formula:</p> $D\text{-MeX score} = 50\% * Qual + 50\% * Quant$ <p>where:</p>



Unique Reference	PR19SEW_F.1
	<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>  <math display="block">(score - median) * (6\% / (maximum - median))</math></p> <p><i>if score &lt; median :</i>  <math display="block">(score - median) * (12\% / (median - minimum))</math></p> <p><i>if score = median :</i>  <math display="block">0\%</math></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>	<p>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.</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>Unique Reference</b>	<b>PR19SEW_F.1</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	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>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 if company’s score &lt; median score</b>	$(score - median) * (12\% / (median - minimum))$
<b>Deadband If company’s score = median score</b>	0%
<b>Outperformance payment – standard rate if company’s score &gt; median score</b>	$(score - median) * (6\% / (maximum - median))$

## 1.2 Bespoke performance commitments

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

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

### 1.2.1 Segmented satisfaction of household customers - segment 1

**Purpose:** This performance commitment is one of six that is designed to incentivise the company to provide a high quality water service to all its household customers. It will also enable the company to monitor and understand the needs and expectations of different customer groups so that it can potentially tailor its services and approaches within segment one of the company's attitudinal customer segmentation.

**Benefits:** This performance commitment will ensure the company improves the levels of overall customer satisfaction for household customers.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.2
<b>Detailed definition of performance measure</b>	<p>Overall customer satisfaction of the company's household customer segment one. The satisfaction is measured from the results of satisfaction tracking research, as a score out of five. This is calculated as an average annual score based on monthly surveys.</p> <p>Segment one is named 'Mindful optimists'. This segment is defined as less affluent, with community versus corporate focus customers. The company currently estimates that 23% of its customer base falls within segment one.</p> <p>The overall score is calculated as an arithmetic mean of the satisfaction scores for the seven sub-measures. Each sub-measure will be individually measured as a score out of five and the sub-measures are:</p> <ol style="list-style-type: none"> <li>1. Customers consider the appearance of their water to be acceptable</li> <li>2. Customers consider the taste and odour of their water to be acceptable</li> <li>3. Customers consider the level of leakage to be acceptable</li> </ol>

Unique Reference	PR19SEW_C.2
	<p>4. Customers consider their direct interaction experience to be positive</p> <p>5. Customers consider their water supply is of sufficient pressure</p> <p>6. Customers consider the frequency and duration of supply interruptions is acceptable</p> <p>7. Customers consider the frequency of water use restrictions to be acceptable</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p> <p>The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company will survey a minimum of 400 customers per segment annually.</p> <p>The company will ensure the sample is representative of its served population and that mixed communication modes are used for conducting the surveys, including telephone, online and postal modes in order to ensure that customer satisfaction levels in seldom heard groups are captured. To avoid sample bias the telephone approach will utilise random digit dialling. For online surveys, invitations will also be randomly assigned.</p> <p>The sample quotas will be set based on age, gender and social grade utilising data from Census data. The final data set will be weighted according to the population statistics for the region.</p> <p>The company will review and analyse the statistics for the responses for the purpose of this performance commitment at least annually to ensure maximum representativeness of the sample.</p>
<p><b>Specific exclusions</b></p>	<p>None</p>
<p><b>Reporting and assurance</b></p>	<p>Clear definitions of all segments will be included in the company's 'People, Planet and Performance' report so that customers and stakeholders can understand the segments and see the characteristics of each one. Individual records of the customers' self-allocation to a segment will be documented and recorded for assurance purposes.</p> <p>The definitions are to remain fixed during the 2020-2025 period and if the company edits the definitions (for example to make them clearer to understand) the revisions should be assured by the company's Customer Challenge Group.</p>

<b>Unique Reference</b>	<b>PR19SEW_C.2</b>
<b>Measurement unit and decimal places</b>	Numeric satisfaction score out of five to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	4.2	4.2	4.3	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

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

## 1.2.2 Segmented satisfaction of household customers - segment 2

**Purpose:** This performance commitment is one of six that is designed to incentivise the company to provide a high quality water service to all its household customers. It will also enable the company to monitor and understand the needs and expectations of different customer groups so that it can potentially tailor its services and approaches within segment two of the company’s attitudinal customer segmentation.

**Benefits:** This performance commitment will ensure the company improves the levels of overall customer satisfaction from household customers.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.3
<p><b>Detailed definition of performance measure</b></p>	<p>Overall customer satisfaction of the company’s household customer segment two. The satisfaction is measured from the results of satisfaction tracking research, as a score out of five. This is calculated as an average annual score based on monthly surveys.</p> <p>Segment two is named ‘Global advocates’. This segment is defined as affluent, financially secure and engaged in the big picture customers. The company currently estimates that 16% of its customer base falls within segment two.</p> <p>The overall score is calculated as an arithmetic mean of the satisfaction scores for the seven sub-measures. Each sub-measure will be individually measured as a score out of five and the sub-measures are:</p> <ol style="list-style-type: none"> <li>1. Customers consider the appearance of their water to be acceptable</li> <li>2. Customers consider the taste and odour of their water to be acceptable</li> <li>3. Customers consider the level of leakage to be acceptable</li> <li>4. Customers consider their direct interaction experience to be positive</li> <li>5. Customers consider their water supply is of sufficient pressure</li> <li>6. Customers consider the frequency and duration of supply interruptions is acceptable</li> <li>7. Customers consider the frequency of water use restrictions to be acceptable</li> </ol> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>



<b>Unique Reference</b>	<b>PR19SEW_C.3</b>
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
<b>Additional detail on measurement units</b>	<p>The company will survey a minimum of 400 customers per segment annually.</p> <p>The company will ensure the sample is representative of its served population and that mixed communication modes are used for conducting the surveys, including telephone, online and postal modes in order to ensure that customer satisfaction levels in seldom heard groups are captured.</p> <p>To avoid sample bias the telephone approach will utilise random digit dialling. For online surveys, invitations will also be randomly assigned.</p> <p>The sample quotas will be set based on age, gender and social grade utilising data from Census data. The final data set will be weighted according to the population statistics for the region.</p> <p>The company will review and analyse the statistics for the responses for the purpose of this performance commitment at least annually to ensure maximum representativeness of the sample.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Clear definitions of all segments will be included in the company's 'People, Planet and Performance' report so that customers and stakeholders can understand the segments and see the characteristics of each one. Individual records of the customers' self-allocation to a segment will be documented and recorded for assurance purposes.</p> <p>The definitions are to remain fixed during the 2020-2025 period and if the company edits the definitions (for example to make them clearer to understand) the revisions should be assured by the company's Customer Challenge Group.</p>
<b>Measurement unit and decimal places</b>	Numeric satisfaction score out of five 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>Unique Reference</b>	<b>PR19SEW_C.3</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>	Number	NA	4.4	4.4	4.4	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

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 Segmented satisfaction of household customers - segment 3

**Purpose:** This performance commitment is one of six that is designed to incentivise the company to provide a high quality water service to all its household customers. It will also enable the company to monitor and understand the needs and expectations of different customer groups so that it can potentially tailor its services and approaches within segment three of the company's attitudinal customer segmentation.

**Benefits:** This performance commitment will ensure the company improves the levels of overall customer satisfaction from household customers.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.4
Detailed definition of performance measure	<p>Overall customer satisfaction of the company's household customer segment three. The satisfaction is measured from the results of satisfaction tracking research, as a score out of five. This is calculated as an average annual score based on monthly surveys.</p> <p>Segment three is named 'Just me and mine'. This segment is defined as comfortable customers and whose main focus is on their immediate world. The company currently estimates that 12% of its customer base fall within segment three.</p> <p>The overall score is calculated as an arithmetic mean of the satisfaction scores for the seven sub-measures. Each sub-measure will be individually measured as a score out of five and the sub-measures are:</p> <ol style="list-style-type: none"> <li>1. Customers consider the appearance of their water to be acceptable</li> <li>2. Customers consider the taste and odour of their water to be acceptable</li> <li>3. Customers consider the level of leakage to be acceptable</li> </ol>

<b>Unique Reference</b>	<b>PR19SEW_C.4</b>
	<p>4. Customers consider their direct interaction experience to be positive</p> <p>5. Customers consider their water supply is of sufficient pressure</p> <p>6. Customers consider the frequency and duration of supply interruptions is acceptable</p> <p>7. Customers consider the frequency of water use restrictions to be acceptable</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p> <p>The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
<b>Additional detail on measurement units</b>	<p>The company will survey a minimum of 400 customers per segment annually.</p> <p>The company will ensure the sample is representative of its served population and that mixed communication modes are used for conducting the surveys, including telephone, online and postal modes in order to ensure that customer satisfaction levels in seldom heard groups are captured.</p> <p>To avoid sample bias the telephone approach will utilise random digit dialling. For online surveys, invitations will also be randomly assigned.</p> <p>The sample quotas will be set based on age, gender and social grade utilising data from Census data. The final data set will be weighted according to the population statistics for the region.</p> <p>The company will review and analyse the statistics for the responses for the purpose of this performance commitment at least annually to ensure maximum representativeness of the sample.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Clear definitions of all segments will be included in the company’s ‘People, Planet and Performance’ report so that customers and stakeholders can understand the segments and see the characteristics of each one. Individual records of the customers’ self-allocation to a segment will be documented and recorded for assurance purposes.</p> <p>The definitions are to remain fixed during the 2020-2025 period and if the company edits the definitions (for example to make them clearer to understand) the revisions should be assured by the company’s Customer Challenge Group.</p>
<b>Measurement unit and decimal places</b>	Numeric satisfaction score out of five to one decimal place

<b>Unique Reference</b>	<b>PR19SEW_C.4</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	4.3	4.3	4.3	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

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

## 1.2.4 Segmented satisfaction of household customers - segment 4

**Purpose:** This performance commitment is one of six that is designed to incentivise the company to provide a high quality water service to all its household customers. It will also enable the company to monitor and understand the needs and expectations of different customer groups so that it can potentially tailor its services and approaches within segment four of the company’s attitudinal customer segmentation.

**Benefits:** This performance commitment will ensure the company improves the levels of overall customer satisfaction from household customers.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.5
<p><b>Detailed definition of performance measure</b></p>	<p>Overall customer satisfaction of the company’s household customer segment four. The satisfaction is measured from the results of satisfaction tracking research, as a score out of five. This is calculated as an average annual score based on monthly surveys.</p> <p>Segment four is named ‘Careful neighbours’. This segment is defined as kind and thoughtful about their community, financially careful and waste conscious customers. The company currently estimates that 12% of its customer base fall within segment four.</p> <p>The overall score is calculated as an arithmetic mean of the satisfaction scores for the seven sub-measures. Each sub-measure will be individually measured as a score out of five and the sub-measures are:</p> <ol style="list-style-type: none"> <li>1. Customers consider the appearance of their water to be acceptable</li> <li>2. Customers consider the taste and odour of their water to be acceptable</li> <li>3. Customers consider the level of leakage to be acceptable</li> <li>4. Customers consider their direct interaction experience to be positive</li> <li>5. Customers consider their water supply is of sufficient pressure</li> <li>6. Customers consider the frequency and duration of supply interruptions is acceptable</li> <li>7. Customers consider the frequency of water use restrictions to be acceptable</li> </ol> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>

<b>Unique Reference</b>	<b>PR19SEW_C.5</b>
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
<b>Additional detail on measurement units</b>	<p>The company will survey a minimum of 400 customers per segment annually.</p> <p>The company will ensure the sample is representative of its served population and that mixed communication modes are used for conducting the surveys, including telephone, online and postal modes in order to ensure that customer satisfaction levels in seldom heard groups are captured.</p> <p>To avoid sample bias the telephone approach will utilise random digit dialling. For online surveys, invitations will also be randomly assigned.</p> <p>The sample quotas will be set based on age, gender and social grade utilising data from Census data. The final data set will be weighted according to the population statistics for the region.</p> <p>The company will review and analyse the statistics for the responses for the purpose of this performance commitment at least annually to ensure maximum representativeness of the sample.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Clear definitions of all segments will be included in the company's 'People, Planet and Performance' report so that customers and stakeholders can understand the segments and see the characteristics of each one. Individual records of the customers' self-allocation to a segment will be documented and recorded for assurance purposes.</p> <p>The definitions are to remain fixed during the 2020-2025 period and if the company edits the definitions (for example to make them clearer to understand) the revisions should be assured by the company's Customer Challenge Group.</p>
<b>Measurement unit and decimal places</b>	Numeric satisfaction score out of five 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>Unique Reference</b>	<b>PR19SEW_C.5</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>	Number	NA	4.3	4.3	4.3	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

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 Segmented satisfaction of household customers - segment 5

**Purpose:** This performance commitment is one of six that is designed to incentivise the company to provide a high quality water service to all its household customers. It will also enable the company to monitor and understand the needs and expectations of different customer groups so that it can potentially tailor its services and approaches within segment five of the company's attitudinal customer segmentation.

**Benefits:** This performance commitment will ensure the company improves the levels of overall customer satisfaction from household customers.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.6
Detailed definition of performance measure	<p>Overall customer satisfaction of the company's household customer segment five. The satisfaction is measured from the results of satisfaction tracking research, as a score out of five. This is calculated as an average annual score based on monthly surveys.</p> <p>Segment five is named 'busy jugglers'. This segment is defined as tech immersed customers, who would be more outwardly focused if they had time. The company currently estimates that 15% of its customer base fall within segment five.</p> <p>The overall score is calculated as an arithmetic mean of the satisfaction scores for the seven sub-measures. Each sub-measure will be individually measured as a score out of five and the sub-measures are:</p> <ol style="list-style-type: none"> <li>1. Customers consider the appearance of their water to be acceptable</li> <li>2. Customers consider the taste and odour of their water to be acceptable</li> <li>3. Customers consider the level of leakage to be acceptable</li> </ol>

<b>Unique Reference</b>	<b>PR19SEW_C.6</b>
	<p>4. Customers consider their direct interaction experience to be positive</p> <p>5. Customers consider their water supply is of sufficient pressure</p> <p>6. Customers consider the frequency and duration of supply interruptions is acceptable</p> <p>7. Customers consider the frequency of water use restrictions to be acceptable</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p> <p>The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
<b>Additional detail on measurement units</b>	<p>The company will survey a minimum of 400 customers per segment annually.</p> <p>The company will ensure the sample is representative of its served population and that mixed communication modes are used for conducting the surveys, including telephone, online and postal modes in order to ensure that customer satisfaction levels in seldom heard groups are captured.</p> <p>To avoid sample bias the telephone approach will utilise random digit dialling. For online surveys, invitations will also be randomly assigned.</p> <p>The sample quotas will be set based on age, gender and social grade utilising data from Census data. The final data set will be weighted according to the population statistics for the region.</p> <p>The company will review and analyse the statistics for the responses for the purpose of this performance commitment at least annually to ensure maximum representativeness of the sample.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Clear definitions of all segments will be included in the company’s ‘People, Planet and Performance’ report so that customers and stakeholders can understand the segments and see the characteristics of each one. Individual records of the customers’ self-allocation to a segment will be documented and recorded for assurance purposes.</p> <p>The definitions are to remain fixed during the 2020-2025 period and if the company edits the definitions (for example to make them clearer to understand) the revisions should be assured by the company’s Customer Challenge Group.</p>
<b>Measurement unit and decimal places</b>	Numeric satisfaction score out of five to one decimal place

<b>Unique Reference</b>	<b>PR19SEW_C.6</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	4.4	4.4	4.4	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

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

## 1.2.6 Segmented satisfaction of household customers - segment 6

**Purpose:** This performance commitment is one of six that is designed to incentivise the company to provide a high quality water service to all its household customers. It will also enable the company to monitor and understand the needs and expectations of different customer groups so that it can potentially tailor its services and approaches within segment six of the company’s attitudinal customer segmentation.

**Benefits:** This performance commitment will ensure the company improves the levels of overall customer satisfaction from household customers.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.7
<p><b>Detailed definition of performance measure</b></p>	<p>Overall customer satisfaction of the company’s household customer segment six. The satisfaction is measured from the results of satisfaction tracking research, as a score out of five. This is calculated as an average annual score based on monthly surveys.</p> <p>Segment six is named ‘living for today’. This segment is defined as low social conscience with spontaneous nature customers. The company currently estimates that 22% of its customer base fall within segment six.</p> <p>The overall score is calculated as an arithmetic mean of the satisfaction scores for the seven sub-measures. Each sub-measure will be individually measured as a score out of five and the sub-measures are:</p> <ol style="list-style-type: none"> <li>1. Customers consider the appearance of their water to be acceptable</li> <li>2. Customers consider the taste and odour of their water to be acceptable</li> <li>3. Customers consider the level of leakage to be acceptable</li> <li>4. Customers consider their direct interaction experience to be positive</li> <li>5. Customers consider their water supply is of sufficient pressure</li> <li>6. Customers consider the frequency and duration of supply interruptions is acceptable</li> <li>7. Customers consider the frequency of water use restrictions to be acceptable</li> </ol> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>

<b>Unique Reference</b>	<b>PR19SEW_C.7</b>
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
<b>Additional detail on measurement units</b>	<p>The company will survey a minimum of 400 customers per segment annually.</p> <p>The company will ensure the sample is representative of its served population and that mixed communication modes are used for conducting the surveys, including telephone, online and postal modes in order to ensure that customer satisfaction levels in seldom heard groups are captured.</p> <p>To avoid sample bias the telephone approach will utilise random digit dialling. For online surveys, invitations will also be randomly assigned.</p> <p>The sample quotas will be set based on age, gender and social grade utilising data from Census data. The final data set will be weighted according to the population statistics for the region.</p> <p>The company will review and analyse the statistics for the responses for the purpose of this performance commitment at least annually to ensure maximum representativeness of the sample.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>Clear definitions of all segments will be included in the company’s ‘People, Planet and Performance’ report so that customers and stakeholders can understand the segments and see the characteristics of each one. Individual records of the customers’ self-allocation to a segment will be documented and recorded for assurance purposes.</p> <p>The definitions are to remain fixed during the 2020-2025 period and if the company edits the definitions (for example to make them clearer to understand) the revisions should be assured by the company’s Customer Challenge Group.</p>
<b>Measurement unit and decimal places</b>	Numeric satisfaction score out of five 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>Unique Reference</b>	<b>PR19SEW_C.7</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>	Number	NA	4.3	4.3	4.3	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA



## Incentive rates

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

### 1.2.7 Satisfaction of household customers who are receiving, or applying for, non-financial support

**Purpose:** This performance commitment incentivises the company to provide a high quality service to customers on, or applying for, the Priority Services Register (PSR).

**Benefits:** This performance commitment will help ensure that customers in vulnerable circumstances will be satisfied with the service they receive from the company.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.9
<b>Detailed definition of performance measure</b>	<p>The overall customer satisfaction of customers who have applied for the PSR measured through satisfaction tracking research, as a score out of five.</p> <p>This measure only applies to household customers.</p> <p>The measure includes customers who are registered on the Priority Services Register (those who have registered in the current year or in previous years) and those who have applied during the current year but were unsuccessful in their application. The company includes applied and rejected customers to ensure there are no incentives to only accept customers who are likely to score well in the satisfaction measure.</p> <p>For the performance commitment the survey will include a single question that asks customers to score their overall satisfaction level with the service they receive from the company.</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>

<b>Unique Reference</b>	<b>PR19SEW_C.9</b>
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
<b>Additional detail on measurement units</b>	NA
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Satisfaction score out of five, to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	4.1	4.2	4.3	4.4	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

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

## 1.2.8 Satisfaction of household customers on our vulnerability schemes during a supply interruption

**Purpose:** This performance commitment incentivises the company to improve the service it provides to customers on vulnerability schemes during a supply interruption.

**Benefits:** This performance commitment benefits customers in vulnerable circumstances by improving the service they receive during a supply interruption.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.10
<p><b>Detailed definition of performance measure</b></p>	<p>Annual change in the customer satisfaction as measured through satisfaction tracking research, when a supply interruption (either planned or unplanned) has occurred. The survey will measure a score out of five, but this metric will be reported as the change from the previous year. The measure only applies to household customers.</p> <p>This performance commitment is intended to cover all aspects of how the company responds in a supply failure – speed of resolution, alternative water supplies, communication – and any other aspect of service that potentially impacts customers.</p> <p>Overall customer satisfaction will be measured through satisfaction tracking research, when a reportable supply interruption has occurred, as a score out of five. A reportable supply interruption is defined as any interruption that is included as part of the calculation of the common performance commitment ‘water supply interruptions’.</p> <p>For the performance commitment the survey will include a single question that asks customers to score their overall satisfaction level in relation to the supply interruption.</p> <p>If a supply interruption is recorded as included within this measure, a survey will be issued to customers who are included on the company’s Priority Services Register (either on the register before the incident or as a result of the incident.) The survey will be issued within two weeks of the incident, so that customers can easily recall their experience of the incident.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company will carry out additional work to set the current (2015-20) baseline level in advance of the final determination. The company should publish the baseline in its July 2020 Annual Performance Report (APR).</p> <p>The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</p>

<b>Unique Reference</b>	<b>PR19SEW_C.10</b>
	The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Annual change in score, to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	0.1	0.1	0.1	0.1	0.1
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

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

## 1.2.9 Appearance of tap water

**Purpose:** To reduce water quality contacts relating to appearance.

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

### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SEW_A.2</b>
<b>Detailed definition of performance measure</b>	The number of times the company is contacted by consumers due to the drinking water not being clear, reported per 1,000 population. Calculation is the number of consumer contacts for appearance multiplied by 1,000 divided by the resident water supplied population as reported to the Drinking Water Inspectorate (DWI).
<b>Additional detail on measurement units</b>	The consumer contact classification guidance is defined by the DWI in <i>Information Letter 1/2006</i> , 6 January 2006:  <a href="https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/">https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/</a>  Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance will be included in this measure.
<b>Specific exclusions</b>	See guidance above for a full list of exclusions.
<b>Reporting and assurance</b>	The company is also expected to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.
<b>Measurement unit and decimal places</b>	Number of consumer contacts per 1,000 population, reported to two decimal places
<b>Measurement timing</b>	Calendar year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	20% water resources 80% water network plus

<b>Unique Reference</b>	<b>PR19SEW_A.2</b>
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on data from the calendar year 2020.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	1.09	1.02	0.94	0.86	0.79
<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	- 2.2258
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.9474
Outperformance payment - enhanced	NA

### 1.2.10 Taste and odour of tap water

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_A.3
<b>Detailed definition of performance measure</b>	The number of times the company is contacted by consumers due to the taste and odour of drinking water, reported per 1,000 population. Calculation is the number of contacts for taste and odour contacts multiplied by 1,000 divided by the resident population as reported to Drinking Water Inspectorate (DWI).
<b>Additional detail on measurement units</b>	The consumer contact classification guidance is defined by the DWI in <i>Information Letter 1/2006</i> , 6 January 2006: <a href="https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-taste-and-odour/">https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-taste-and-odour/</a> Consumers contact a water company for various water quality reasons. Only consumer contacts that are about taste and odour will be included in this measure.
<b>Specific exclusions</b>	See guidance above for a full list of exclusions.
<b>Reporting and assurance</b>	The company is also 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 consumer contacts per 1,000 population, reported to two decimal places
<b>Measurement timing</b>	Calendar year

<b>Unique Reference</b>	<b>PR19SEW_A.3</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>	20% water resources 80% water network plus
<b>Frequency of reporting</b>	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on data from the calendar year 2020.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	0.42	0.38	0.35	0.32	0.29
<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	-0.803
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.803
Outperformance payment - enhanced	NA

### 1.2.11 Household customers receiving financial support

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

**Benefits:** Social tariffs provide support for low income customers and makes charges more affordable for them, avoiding negative social impacts including stress and anxiety.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_I.1
Detailed definition of performance measure	The number of customers who are benefiting from a social tariff. The company will measure the number of customers on its Social Tariff and WaterSure Tariff, and/or other future financial support as agreed by CCWater. The Customer Challenge Group (CCG) will provide assurance that any change is in the interests of customers. This mechanism to update the list of tariffs/schemes that are being measured allows for the company to innovate and change its approach if it finds a way to better support customers in the future.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No
Measurement unit and decimal places	Number of household customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational

<b>Unique Reference</b>	<b>PR19SEW_I.1</b>
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

### Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	47,000	58,000	66,000	72,000	75,000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.2.12 Satisfaction of household customers who are experiencing payment difficulties

**Purpose:** This performance commitment incentivises the company to increase satisfaction levels from customers who are struggling to pay their water bills.

**Benefits:** This performance commitment improves the quality of service that the company provides to customers that are struggling to pay their bills.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.8
Detailed definition of performance measure	<p>The overall customer satisfaction of household customers who are identified as struggling to pay, as measured through satisfaction tracking research. This is based on a score out of five.</p> <p>This performance commitment is focused on customers who are experiencing payment difficulties and seeks to capture the satisfaction levels of customers on support tariffs, and also customers who receive other types of financial help from the company, such as payment schemes.</p> <p>The survey will include a single question that asks customers to score their overall satisfaction level with regard to the company's support for people who struggle to pay their bills.</p> <p>Customers identified as struggling to pay include the following:</p> <ul style="list-style-type: none"> <li>• Customers and/or their representatives who have self-identified as struggling to pay.</li> <li>• Customers who have been referred to the company from a third party due to financial circumstances.</li> <li>• Customers in receipt of the Social Tariff.</li> <li>• Customers in receipt of the WaterSure Tariff.</li> <li>• Customers identified by the company or third parties as at risk of struggling to pay.</li> </ul> <p>Any changes to this list will only be made with agreement from CCWater. The Customer Challenge Group (CCG) will provide assurance that any change is in the interests of customers.</p>

<b>Unique Reference</b>	<b>PR19SEW_C.8</b>
<b>Additional detail on measurement units</b>	NA
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	The survey will be externally assured and conducted in line with social research best practice.
<b>Measurement unit and decimal places</b>	Satisfaction score out of five, to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	NA
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	Number	NA	4.2	4.3	4.4	4.5	4.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

**Incentive rates**

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

### 1.2.13 Satisfaction of stakeholders in relation to assistance offered by South East Water

**Purpose:** This performance commitment will measure how satisfied stakeholders, who work with the company’s vulnerable customers, are with the service the company provides to its vulnerable customers.

**Benefits:** This performance commitment will ensure that vulnerable customers receive appropriate levels of support and good quality customer service.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_J.2
<p><b>Detailed definition of performance measure</b></p>	<p>Annual change in the customer satisfaction with the company’s approach to help vulnerable customers, and those support agencies that work with them, as measured through satisfaction tracking research. Satisfaction will be measured as a score out of five and reported as an annual change.</p> <p>For this performance commitment the survey will include a single question that asks stakeholders to score their overall satisfaction level with how the company works with them and responds to the needs of the people they support.</p> <p>Stakeholders will be selected for the survey based on their ability to provide informed and expert opinions about the quality of services the company offers to its vulnerable customers. The company will use its stakeholder database, which will be regularly populated and updated, to identify the most suitable stakeholders to take part in the survey.</p> <ul style="list-style-type: none"> <li>• The survey should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society).</li> <li>• The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment</li> <li>• The survey will be performed by an external third-party research agency with a Market Research code of conduct qualification or equivalent.</li> </ul>
<p><b>Additional detail on measurement units</b></p>	<p>None</p>
<p><b>Specific exclusions</b></p>	<p>None</p>
<p><b>Reporting and assurance</b></p>	<p>No specific requirements</p>



<b>Unique Reference</b>	<b>PR19SEW_J.2</b>
<b>Measurement unit and decimal places</b>	Annual change in score 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>	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	0.1	0.1	0.1	0.1	0.1
<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>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.14 Gap sites

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SEW_L.1</b>
<b>Detailed definition of performance measure</b>	The number of household gap sites identified by the company and billed annually. A gap site is identified as a property that is not recorded on the company's billing database. To add one unit to this measure requires the company to add one property to its billing database.
<b>Additional detail on measurement units</b>	None
<b>Specific exclusions</b>	Properties which have for any reason been included on the company's billing database in the past are excluded from contributing to the score to avoid double counting. Excludes new or existing connections raised by developers through established new connections processes. Excludes non-household properties.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of gap sites brought into charge to zero 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>	None

<b>Unique Reference</b>	<b>PR19SEW_L.1</b>
<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	25	25	25	25	25
<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>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.15 Voids – household properties

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

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

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SEW_L.2</b>
<b>Detailed definition of performance measure</b>	The number of household properties classified as void as a percentage of the total number of household properties served by the company. Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.
<b>Additional detail on measurement units</b>	Excludes non-household properties. The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.
<b>Specific exclusions</b>	Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage of household properties classified as void, reported to two decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Outperformance and underperformance payments
<b>Incentive type</b>	Revenue
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% residential retail

<b>Unique Reference</b>	<b>PR19SEW_L.2</b>
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	2.10	2.10	2.10	2.10	2.10
<b>Enhanced underperformance collar</b>	%		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	%		2.60	2.60	2.60	2.60	2.60
<b>Underperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	%		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	%		1.60	1.60	1.60	1.60	1.60
<b>Enhanced outperformance cap</b>	%		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.851
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.851
Outperformance payment - enhanced	NA

### 1.2.16 Voids – business properties

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_L.3
<b>Detailed definition of performance measure</b>	The number of non-household properties classified as void as a percentage of the total number of non-household properties served by the company. Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.
<b>Additional detail on measurement units</b>	The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.
<b>Specific exclusions</b>	Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage of non-household properties classified as void, reported to two decimal places

<b>Unique Reference</b>	<b>PR19SEW_L.3</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Outperformance and underperformance payments
<b>Incentive type</b>	Revenue
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water 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>	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	8.10	8.10	8.10	8.10	8.10
<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>	-0.335
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.182
<b>Outperformance payment - enhanced</b>	NA

### 1.2.17 Company sites protected from risk of flooding

**Purpose:** The measure incentivises the company to ensure that the company’s own sites are protected from the risk of flooding.

**Benefits:** Protecting sites from flooding improves the resilience of the water supply for customers through ensuring that the water treatment works, boreholes and pumping stations are protected from flooding events that could cause site outages.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SEW_B.4</b>
<b>Detailed definition of performance measure</b>	<p>The number of the company’s sites that have been protected from the risk of flooding. The risk is defined as 1/1000 Annual Exceedance Probability.</p> <p>Cumulative progress will be measured annually throughout 2020-2025 on 31 March and reported in the Annual Performance Report. The cumulative total on 31 March 2025 will provide the five-year total.</p>
<b>Additional detail on measurement units</b>	<p>The types of solutions the company will implement to ensure its sites are protected may include the following:</p> <ul style="list-style-type: none"> <li>• Demountable Flood Gate</li> <li>• Waterproof Membrane</li> <li>• Flood Kiosk/Cabinet</li> <li>• Cable Duct Sealing</li> <li>• Air Brick Covers</li> <li>• Ventilation Cover</li> <li>• Flood Wall</li> <li>• Manhole Covers</li> <li>• Earthworks Channel</li> <li>• Increasing size of chemical dispensing tank</li> </ul> <p>The company will develop a written assessment of all required solutions for each site prior to the commencement of remedial works and itemise and evidence the implemented solutions at each site in order to claim full completion. If the scope of works is changed after the works commence the company should explain the reason for any change as part of its evidence.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will publish an assurance report in advance of the next price review from an appropriately qualified external third party that confirms that each site claimed had a risk worse than a 1/1000 Annual Exceedance Probability and the works delivered have reduced the risk to below this level. The</p>

<b>Unique Reference</b>	<b>PR19SEW_B.4</b>
	report will assess the confidence of the company forecasts for the remainder of the 2020-25 period.
<b>Measurement unit and decimal places</b>	Cumulative number of sites protected to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments in 2024-25 only
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	95% water network plus 5% 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	0	0	31	61	92
<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>	-0.000726
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.18 Event risk index (ERI)

**Purpose:** This performance commitment incentivises the company to promote a proactive approach to risk mitigation of water quality events, including understanding the impact of events on customers.

**Benefits:** An improvement in this performance commitment indicates that the company is reducing the occurrence and/or impact of water quality events on customers.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_B.5
<b>Detailed definition of performance measure</b>	<p>The Event Risk Index (ERI) is a measure of the risk arising from water quality events, as defined by the Drinking Water Inspectorate (DWI). The guidance is defined by the DWI in the document 'DWI Event Risk Index August 2018': <a href="https://www.ofwat.gov.uk/publication/dwi-event-risk-index-eri-definition/">https://www.ofwat.gov.uk/publication/dwi-event-risk-index-eri-definition/</a></p> <p>The following outlines the broad principles of the ERI measure:</p> <ul style="list-style-type: none"> <li>• the seriousness of each drinking water quality event (the Event Category or seriousness score);</li> <li>• a measure of the company performance in managing the event (the Assessment Outcome score); and</li> <li>• the impact of each event – based on a simple measure of the population affected and duration in hours.</li> </ul> <p>The event category score and assessment outcome scores are based on the judgement of the DWI inspector using the score guidance set out in the in the detailed definition (see link above).</p>
<b>Additional detail on measurement units</b>	<p>The ERI score for each notified event is calculated using the following formula:</p> $\text{ERI} = \frac{(\text{Seriousness} \times \text{Assessment Outcome} \times \text{Impact})}{\text{Total population served by the company}}$ <p>The ERI for a company, for any given calendar year, is the sum of the individual ERI scores for every event notified to the Inspectorate during the year.</p>
<b>Specific exclusions</b>	<p>There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.</p>
<b>Reporting and assurance</b>	<p>No specific requirements</p>

<b>Unique Reference</b>	<b>PR19SEW_B.5</b>
<b>Measurement unit and decimal places</b>	ERI score reported to three decimal places
<b>Measurement timing</b>	Calendar 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, on a calendar year basis. For example, performance assessment for 2020-21 will be based on data from the calendar year 2020.
<b>Any other relevant information</b>	None.
<b>Links to relevant external documents</b>	None

### Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Number	NA	0.000	0.000	0.000	0.000	0.000
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

### Incentive rates

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

### 1.2.19 Low pressure

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_B.6
<b>Detailed definition of performance measure</b>	<p>The number of properties per 10,000 connections receiving or at risk of receiving pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance.</p> <p>The low pressure reference level is defined in the reporting guidance published on 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>
<b>Additional detail on measurement units</b>	The low pressure reference level applies to a single property and is measured on the customer’s side of any meter or company fittings.
<b>Specific exclusions</b>	As defined in the reporting guidance.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Number of properties per 10,000 connections 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>Unique Reference</b>	<b>PR19SEW_B.6</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>	Number	NA	0.5	0.5	0.5	0.5	0.5
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.085361
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.075377
Outperformance payment - enhanced	NA

### 1.2.20 Engaging and working with landowners and land managers to improve catchment resilience related to raw water quality deterioration

**Purpose:** This performance commitment is designed to incentivise the company to engage with farmers and landowners in order to try and prevent the degradation of raw water sources.

**Benefits:** This performance commitment will reduce raw water quality deterioration and promote catchment activities amongst land owners that benefit the natural environment and increase resilience levels.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_H.1
Detailed definition of performance measure	<p>The cumulative number of hectares of land privately owned/managed that has benefited from improved catchment management through the company actively engaging with land owners since 1 April 2020. The measure will only include land that has been identified as being at risk from raw water quality deterioration.</p> <p>The company will target and remedy land manager behaviour which has the capacity to cause deterioration to raw water quality, quantity and associated biodiversity.</p> <p>The focus of the performance commitment will be the arable components of surface and groundwater catchments that have been identified as being at risk of raw water deterioration through the company's catchment investigations during the 2015-20period. The area of land identified as at risk will be agreed with the Environment Agency. The performance commitment reports the total area of this land (in hectares) where the company has actively engaged with landowners on how to improve the management of the catchment.</p> <p>As an example; a land manager might operate three land areas: A, B and C. If land area A is identified and agreed with</p>

Unique Reference	PR19SEW_H.1
	<p>the Environment Agency as being at risk, then this could potentially be included in the measure. If land areas B and C are not identified as being at risk, then they would not be included in the measure. If the company engages with the land owner during 2020-25, and the land owner takes up one or more of the listed activities, then the total number of hectares included in land area A would be included in the measure.</p> <p>‘Successful engagement’ measures will be land managers that take up one or more of the following activities over the five-year period.</p> <ul style="list-style-type: none"> <li>• Farm site audit</li> <li>• Water efficiency and advice package</li> <li>• Training package (e.g. on pesticide application)</li> <li>• Pesticide calibration test</li> <li>• Take up a biodiversity package</li> <li>• Involvement in crop trials/other trials to improve water quantity or quality</li> <li>• Payment to use alternative pesticides/products</li> <li>• Payments of Ecosystem Services</li> <li>• Capital payments to improve farm infrastructure</li> <li>• Other engagement measures developed within the planning period and agreed with the Environment Agency.</li> </ul> <p>If a land manager takes up one or more of these engagement measures, the total amount of land that they manage (and which is identified as being at risk), will be included in the measurement.</p>
<p><b>Additional detail on measurement units</b></p>	<p>The company will not use averaging in calculating the area of land.</p> <p>Any outperformance or underperformance payments will be calculated and applied based on the cumulative total in 2024-25.</p>
<p><b>Specific exclusions</b></p>	<p>If a land manager does not take up any activities, the area of land they manage will not be included in the measure.</p>
<p><b>Reporting and assurance</b></p>	<p>The company should keep ongoing records of which measures are most successful in terms of benefits to the environment and stakeholders.</p> <p>The company will at least once during the five year period publish a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence.</p>
<p><b>Measurement unit and decimal places</b></p>	<p>Number of hectares to one decimal place</p>

<b>Unique Reference</b>	<b>PR19SEW_H.1</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments only for 2024-25
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Cumulative progress will be measured annually throughout 2020-2025 on 31 March. The cumulative total on 31 March 2025 will represent the five-year total.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Hectares	NA	2,843.0	5,687.0	8,530.0	11,374.0	14,217.0
<b>Enhanced underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Hectares		NA	NA	NA	NA	9500.0
<b>Underperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Hectares		NA	NA	NA	NA	17358.0
<b>Enhanced outperformance cap</b>	Hectares		NA	NA	NA	NA	NA

**Incentive rates**

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.000764
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.000438
<b>Outperformance payment - enhanced</b>	NA

## 1.2.21 Protecting wildlife and increasing biodiversity

**Purpose:** This performance commitment is designed to incentivise the company to measure its levels of biodiversity and implement actions to improve biodiversity.

**Benefits:** This performance commitment will help the company increase the area of land where it proactively monitors and manages its levels of biodiversity.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_H.2
<p><b>Detailed definition of performance measure</b></p>	<p>The number of hectares of land which the company has proactively managed and monitored in order to produce a net gain in biodiversity and wildlife through active conservation work.</p> <p>Biodiversity gains will be demonstrated through five-year site management plans, monitoring and proactive conservation activities as agreed with Natural England.</p> <p>The company will agree in writing the criteria to assess how it will measure biodiversity with Natural England and how it will select the target areas to survey.</p> <p>The company will document and agree with Natural England at the outset how it will assess and determine the numbers of hectares to be claimed.</p> <p>The target areas will be defined by the company and agreed in writing with Natural England.</p> <p>The company will survey its landholdings to understand their current biodiversity value and then proactively work on these landholdings in order to ensure that, where possible, it actively manages them to provide a net biodiversity gain.</p> <p>Any net gains should be supported by demonstrable evidence of environmental benefit and biodiversity enhancement.</p>
<p><b>Additional detail on measurement units</b></p>	<p>Any outperformance or underperformance payments will be calculated and applied based on the cumulative total in 2024-25.</p>
<p><b>Specific exclusions</b></p>	<p>None</p>
<p><b>Reporting and assurance</b></p>	<p>The company will publish an assurance report in advance of the next price review from an appropriately qualified external third party that confirms that:</p> <ul style="list-style-type: none"> <li>• the company agreed the criteria to assess biodiversity, select target areas and assess the number of hectares in advance in writing with Natural England;</li> <li>• Natural England agreed with the target areas; and</li> </ul>

<b>Unique Reference</b>	<b>PR19SEW_H.2</b>
	<ul style="list-style-type: none"> <li>net biodiversity and the number of hectares has been measured in accordance with the criteria agreed with Natural England.</li> </ul>
<b>Measurement unit and decimal places</b>	Number of hectares of company land to one decimal place
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments only for 2024-25
<b>Timing of underperformance and outperformance payments</b>	End of period
<b>Price control allocation</b>	50% water resources 50% water network plus
<b>Frequency of reporting</b>	Cumulative progress will be measured annually throughout 2020-2025 on 31 March. The cumulative total on 31 March 2025 will represent the five-year total.
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Performance commitment level</b>	Hectares	NA	1,166.0	1,218.0	1,268.0	1,343.0	1,460.0
<b>Enhanced underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Hectares		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Hectares		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Hectares		NA	NA	NA	NA	1,671.0
<b>Enhanced outperformance cap</b>	Hectares		NA	NA	NA	NA	NA

**Incentive rates**

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.011
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.006
<b>Outperformance payment - enhanced</b>	NA



## 1.2.22 Water Industry National Environment Programme

**Purpose:** This performance commitment measures the progress of the company in delivering its agreed Water Industry National Environment Programme (WINEP) schemes in a timely manner.

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

### Performance commitment definition and parameters

Unique Reference	PR19SEW_H.3
<b>Detailed definition of performance measure</b>	<p>This metric will measure compliance with the requirements of the WINEP. The company commits to deliver each of the requirements under the WINEP. This performance commitment is limited to the 59 schemes classified by the Environment Agency as having ‘Green’ status as at 1 April 2019 and the Bewl-Darwell Transfer scheme with reference 7SE200012.</p> <p>The company will measure its performance by ensuring that all elements of its 2020-25 period WINEP obligations are delivered to agreed scopes and to final statutory deadlines.</p> <p>The full list of included schemes is provided in <a href="https://www.ofwat.gov.uk/publication/pr19-winep-programme-annual-update-for-2019/">https://www.ofwat.gov.uk/publication/pr19-winep-programme-annual-update-for-2019/</a></p>
<b>Additional detail on measurement units</b>	Each scheme completed by the company must be signed off by the Environment Agency in order for it to count towards the measure.
<b>Specific exclusions</b>	<p>This performance commitment excludes five Amber schemes in the company’s WINEP obligations. These relate to the following drivers:</p> <ul style="list-style-type: none"> <li>• WFD_IMP_WRFflow; and</li> <li>• INNS_ND (except for the Bewl-Darwell Transfer scheme with reference 7SE200012 which for the purposes of this performance commitment we consider to be in scope).</li> </ul>
<b>Reporting and assurance</b>	The company will report annually on its progress of each work package and whether it has been delivered to agreed scopes and final statutory deadlines. The view of the Environment Agency on the progress will be definitive.

<b>Unique Reference</b>	<b>PR19SEW_H.3</b>
<b>Measurement unit and decimal places</b>	Cumulative number of schemes completed each year to zero decimal places
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In-period
<b>Price control allocation</b>	100% water 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	0	43	43	44	60
<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>	-0.0650
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

### 1.2.23 Greenhouse gas emissions

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_H.4
<p><b>Detailed definition of performance measure</b></p>	<p>Net annual operational greenhouse gas emissions measured in kilograms carbon dioxide equivalent (kgCO<sub>2</sub>e) per million litres (MI) of water put into supply.</p> <p>The scope of the measure includes any greenhouse gas emissions emitted due to the operational activities, such as but not limited to, grid electricity consumption, fuel consumption, and process emissions from sludge, wastewater and water treatment.</p> <p>The measure includes net operational emissions as per the discover water definition, therefore, renewable energy generation and green energy purchase will be included and offset from the operational carbon emissions in the measurement.</p>
<p><b>Additional detail on measurement units</b></p>	<p>Operational emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook published on 8 May 2019. The operational emissions are measured in kilograms carbon dioxide equivalent (kgCO<sub>2</sub>e) per million litres (MI) of water put into supply.</p> <p>The measure includes all Scope 1, 2 and 3 emissions, these are defined as:</p> <ul style="list-style-type: none"> <li>• Scope 1 - Direct emissions from owned or controlled sources</li> <li>• Scope 2 - Indirect emissions from the generation of purchased energy</li> <li>• Scope 3 - all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.</li> </ul> <p>Operational carbon emissions calculation will use the following data:</p> <ul style="list-style-type: none"> <li>• RA3 &amp; 4 document - for water delivered, average pumping head, population and billed property figures;</li> <li>• Granular Activated Carbon (GAC) figures (treatment site chemical);</li> <li>• sludge (water treatment work waste);</li> <li>• employee, company car and pool car mileage;</li> <li>• other travel (planes, trains, ferry's etc.);</li> </ul>

<b>Unique Reference</b>	<b>PR19SEW_H.4</b>
	<ul style="list-style-type: none"> <li>• energy and natural gas figures;</li> <li>• contractor transport figures;</li> <li>• South East Water chemical usage;</li> <li>• ozone (chemical used in water treatment sites);</li> <li>• refrigerants (air conditioning); and</li> <li>• all municipal waste and recycling within South East Water.</li> </ul> <p>Measurement of greenhouse gases can adopt either the grid emissions factor within the carbon accounting workbook or the 'market-based' emissions factor for electricity supplied via the grid. This means the actual emissions associated with the electricity purchased will be used in the calculation of operational emissions rather than the national average UK grid emissions factor. Performance shall reflect actions taken by the company itself to reduce greenhouse gas emissions.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the international carbon reporting standard (ISO 14064, Part 1), or its successors or recognised equivalents, and assured following an audit by an appropriately qualified independent third party. This includes the 2019-20 baseline.</p> <p>The company will also report this measure in absolute terms, using both a 2019-20 baseline grid emissions factor and the actual year grid emissions factor, to provide transparency on reductions achieved through their own activities and those through national grid decarbonisation.</p>
<b>Measurement unit and decimal places</b>	Net operational greenhouse gas emissions expressed as kgCO <sub>2</sub> e per Ml of water put into supply to one decimal place.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Reputational
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None

<b>Unique Reference</b>	<b>PR19SEW_H.4</b>
<b>Links to relevant external documents</b>	None

**Performance commitment levels**

	<b>Unit</b>	<b>Company forecast</b>	<b>Committed performance level</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>	kgCO2e/MI	NA	152.3	119.9	81.8	64.7	57.6
<b>Enhanced underperformance collar</b>	kgCO2e/MI		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	kgCO2e/MI		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	kgCO2e/MI		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	kgCO2e/MI		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	kgCO2e/MI		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	kgCO2e/MI		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

### 1.2.24 Bespoke 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 abstraction from them during lower levels or flows.

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_H.5
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 three sites for AIM for the period 2020-25:</p> <p>Kingston: The trigger threshold for this site is 5.8 Megalitres per day (MI/d) and is 6km above the abstraction in the Little Stour it has a baseline of 6 MI/day</p> <p>Charing: The trigger threshold for this site is 4.0 MI/d and is in the headwaters of the Upper Great Stour it has a baseline of 3.3 MI/d</p> <p>Itchel: The trigger threshold for this site is 79.0 Meters above ordnance datum in groundwaters around the Itchel Pond and it has a baseline of 2.5 MI/d</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published in 2016:</p>

<b>Unique Reference</b>	<b>PR19SEW_H.5</b>
	<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>
<b>Additional detail on measurement units</b>	<p>AIM performance is measured in megalitres (MI) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold.</p> <p>AIM performance in MI = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.</p> <p>For example, in the circumstance that the AIM baseline is 5 MI/day and the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of (4 MI/day minus 5 MI/day)*100 days = -100 MI. A negative number signifies an improved performance as average abstraction is less than the baseline.</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>	Underperformance payments
<b>Timing of underperformance and outperformance payments</b>	In period
<b>Price control allocation</b>	100% water resources
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None



**Performance commitment levels (All sites)**

		<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>	MI/d	NA	0	0	0	0	0
<b>Enhanced underperformance collar</b>	MI/d		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	MI/d		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	MI/d		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	MI/d		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	MI/d		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	MI/d		NA	NA	NA	NA	NA

**Incentive rates (All sites)**

<b>Incentive type</b>	<b>Incentive rate (£m/unit)</b>
<b>Underperformance payment - standard</b>	-0.000530
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	NA
<b>Outperformance payment - enhanced</b>	NA

## 1.2.25 Engaging and working with abstractors to improve catchment resilience to low flows

**Purpose:** This performance commitment is designed to incentivise the company to work with those who abstract from rivers, e.g. farmers, to improve water efficiency and to develop a holistic view of the water environment to address low flows.

**Benefits:** This performance commitment will help create naturally resilient catchments by targeting and reducing water use by other abstractors that is impacting surface water flows. This could make more water available for use by water companies which could lead to a reduction or delay in the need for traditional supply-side solutions benefiting customers and the environment.

### Performance commitment definition and parameters

Unique Reference	PR19SEW_H.6
<p><b>Detailed definition of performance measure</b></p>	<p>The percentage of relevant abstractors in high risk areas that the company successfully engages with in order to encourage water use reduction.</p> <p>The company will agree and document the list of relevant abstractors with the Environment Agency before the 2015-20 period commences.</p> <p>The high risk areas that will be the focus of this performance commitment are the rivers Cuckmere and Little Stour. This performance commitment will measure the percentage of engagement with abstractors from these rivers.</p> <p>The company will monitor mean river residual flows during the 2015-20 period, as defined and agreed with the Environment Agency. This additional measurement will help determine the success of the project.</p> <p>The company will ensure that the abstractors have taken up and implemented the required activities before they can count towards the achievement of the performance.</p> <p>Cumulative progress will be measured annually throughout 2020-2025 on 31 March.</p>
<p><b>Additional detail on measurement units</b></p>	<p>Successful engagement with abstractors, within the defined risk areas, will be those that take up one of the following over the five years:</p> <ul style="list-style-type: none"> <li>• Water efficiency audit &amp; advice package;</li> <li>• Training package (related to water efficiency, water application, sustainable water use);</li> <li>• Calibration tests (related to irrigation, pumps etc);</li> <li>• Involvement in crop trials/other trials to improve knowledge in water demand management/water efficiency/water harvesting and storage;</li> </ul>

<b>Unique Reference</b>	<b>PR19SEW_H.6</b>
	<ul style="list-style-type: none"> <li>• Provision of payments to use alternatives to reduce water demand or to fix water leakage; and</li> <li>• Provision of payments for Ecosystem Services to improve farm infrastructure (to provide resilience by storing water on the farm, investment in grey water/reuse systems, measure actual abstraction and impact on flows, farm improvement to slow water flow and improve recharge).</li> </ul> <p>If other engagement suitable measures are developed that have the potential to impact the overall outcome, they will be documented and agreed with the Environment Agency as well as the company's Environmental Focus Group before inclusion in the list above.</p>
<b>Specific exclusions</b>	If the abstractors engaged with are also the same landowners as defined in PR19SEW_H.1, they cannot also be counted in this performance commitment. For example, if a water efficiency audit is provided to a land owner, the company cannot include the hectares in PR19SEW_H.1 and the engagement activity itself in this performance commitment.
<b>Reporting and assurance</b>	No specific requirements
<b>Measurement unit and decimal places</b>	Percentage to zero 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>Links to relevant external documents</b>	NA

**Performance commitment levels**

		<b>Company forecast</b>	<b>Committed performance level</b>				
	<b>Unit</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>Performance commitment level</b>	%	NA	0	0	7	13	20
<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

## 1.2.26 Satisfaction with value for money

**Purpose:** The purpose of this performance commitment is to incentivise the company to deliver a water service that represents value for money for household customers.

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

### Performance commitment definition and parameters

Unique Reference	PR19SEW_C.11
Detailed definition of performance measure	The overall satisfaction of household customers with value for money as measured through satisfaction tracking research. This is based on a score out of five. The company will ensure it surveys a minimum of 400 customers for this performance commitment measure, and will ensure that it gets responses from a representative cross-section of its customers. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment. The survey should be planned and carried out following social research best practice, for example, any applicable sections of a relevant code such as that published by the Market Research Society.
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Value for money score out of five, to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA

<b>Unique Reference</b>	<b>PR19SEW_C.11</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>	Number	NA	3.7	3.8	3.9	4.0	4.0
<b>Enhanced underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Standard underperformance collar</b>	Number		NA	NA	NA	NA	NA
<b>Underperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Outperformance deadband</b>	Number		NA	NA	NA	NA	NA
<b>Standard outperformance cap</b>	Number		NA	NA	NA	NA	NA
<b>Enhanced outperformance cap</b>	Number		NA	NA	NA	NA	NA

## Incentive rates

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

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

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

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

#### Performance commitment definition and parameters

Unique Reference	PR19SEW_NEP01
<b>Detailed definition of performance measure</b>	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
<b>Additional detail on measurement units</b>	<p>The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31 March 2021 and the schemes which have been delivered by this date.</p>
<b>Specific exclusions</b>	None
<b>Reporting and assurance</b>	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p>

	The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.
<b>Measurement unit and decimal places</b>	Text stating either “met” or “not met”.
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Reputational
<b>Incentive type</b>	NA
<b>Timing of underperformance and outperformance payments</b>	NA
<b>Price control allocation</b>	NA
<b>Frequency of reporting</b>	Annual
<b>Any other relevant information</b>	None
<b>Links to relevant external documents</b>	None



**Performance commitment levels**

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

## Incentive rates

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

### 1.2.28 Strategic main - Wellwood to Potters Corner

**Purpose:** This performance commitment protects customers should the company not deliver the investment to connect Wellwood service reservoir to Potters Corner service reservoir.

**Benefits:** The performance commitment improves the resilience of the water supply to Potters Corner service reservoir by providing a secondary source of supply.

#### Performance commitment definition and parameters

<b>Unique Reference</b>	<b>PR19SEW_H.7</b>
<b>Detailed definition of performance measure</b>	The cumulative expected number of months delay to deliver a permanent secondary source of supply from Wellwood service reservoir to 22,000 customers supplied by Potters Corner Service reservoir.
<b>Additional detail on measurement units</b>	The company will estimate this each year. A delay will be entered as a positive number of months, early delivery will be entered as a negative number. If the scheme is abandoned and not delivered, the length of delay for the purpose of calculating this performance measure is deemed to be 60 months.
<b>Specific exclusions:</b>	None
<b>Reporting and assurance:</b>	At PR24 the company will submit an assurance report in its business plan from a suitably qualified external third party that confirms the date on which the new main is expected to be capable of providing the full benefits of a secondary source of water for customers supplied by Potters Corner service reservoir.
<b>Measurement unit and decimal places</b>	Cumulative number of months to zero decimal places

<b>Unique Reference</b>	<b>PR19SEW_H.7</b>
<b>Measurement timing</b>	Reporting year
<b>Incentive form</b>	Revenue
<b>Incentive type</b>	Outperformance and underperformance payments based on performance in 2024-25 only.
<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>	The delivery programme for the 15km 400mm diameter Wellwood service reservoir to Potters Corner service reservoir main is based on completion of 42 months of the 60 months total programme by March 2025. This accounts for 60% of the total investment to complete the new main. The completion date is September 2026, 18 months after the end of the 2020-25 period which accounts for 40% of the total investment. The commencement is scheduled for the middle of 2021-22, however the company may choose to commence the project earlier or complete it within the 2020-25 period.
<b>Links to relevant external documents</b>	NA

**Performance commitment levels**

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

**Incentive rates**

Incentive type	Incentive rate (£m/unit)
<b>Underperformance payment - standard</b>	-0.0413
<b>Underperformance payment - enhanced</b>	NA
<b>Outperformance payment - standard</b>	0.1492
<b>Outperformance payment - enhanced</b>	NA

## Annex 1: Key performance commitments for South East Water

Details of the key performance commitments that we present in Table 1.2 of ‘PR19 final determinations: South East 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>50% reduction in water supply interruptions by 2024-25*</li> </ul>	$\frac{(5 - 10)min}{10min} \times 100 = -50\%$
<ul style="list-style-type: none"> <li>2% reduction in unplanned outage by 2024-25</li> </ul>	$(2.34 - 4.60)\% = -2\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> <li>32% reduction in the number of contacts, per 1,000 population, received from customers regarding water appearance by 2024-25</li> </ul>	$\frac{(0.79 - 1.17)contacts/1000pop}{1.17contacts/1000pop} \times 100 = -32\%$
<ul style="list-style-type: none"> <li>68% reduction in the amount of greenhouse gas emissions produced per megalitre of treated water by 2024-25.</li> </ul>	$\frac{(57.6 - 181.8)kgCO2/Ml}{181.8kgCO2/Ml} \times 100 = -68\%$

\*September 2018 submission data is used to calculate this value.

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

### Introduction

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

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

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

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

### PR19 performance commitments

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

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

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

## Procedures for changing performance commitments

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

## Errors in performance commitments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

### **Reconciling ODIs following changes**

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

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

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

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

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

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

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