

December 2019

# PR19 final determinations

**South West Water – Delivering outcomes for customers final decisions**

## PR19 final determinations: South West Water – Delivering outcomes for customers final decisions

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

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

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

Each performance commitment has a unique reference. The prefix ‘PR19SWB’ denotes South West Water.

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

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

**Table 1: South West Water - Representations in response to the draft determination**

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Water Quality Compliance (Compliance Risk Index)  PR19SWB_PC A1	Caps, collars and deadbands	To achieve fast-track status at the initial assessment of plans South West Water agreed to a series of actions on its performance commitments. These resulted in increases in the stretch on some key performance commitment levels including Compliance Risk Index (CRI). Specifically, the company agreed that it should set a deadband at 1.50 and collar at 9.50 for each year of the 2020-25 period.  Unit = Compliance Risk Index Score	The company seeks to change its fast track draft determination for the CRI deadband to the levels as set out for slow track/significant scrutiny companies.  As in its initial draft determination, the company states that it is important to get the deadband right, so that it reflects the right balance between ensuring stretching company performance and allowing time to reach 100% compliance, when there is a measure of volatility and legislative changes that need to take effect. It states that a deadband that is too narrow could see many companies penalised during the 2020-25 period, which in turn would mean major industry improvements could be branded a failure and	Change for the final determination.  After our draft determination, the High Court over-turned the metaldehyde ban that was to be implemented by early 2020. When we set our deadband we did consider the expected benefits of this ban and any residual impact this pesticide may have after that for the first two years of 2020-25. Although at the initial assessment of plans (IAP) the company had opted in for early certainty, we consider this to be a legislative change and therefore the same deadband should be applied to the company as with rest of the industry.  We revise the fast track company deadband from a glide-path from 1.50 in all years to 2.00 in all years.	The following is a sector wide change for the final determination.  We set a revised standard deadband for all companies. The deadband profile for the Compliance Risk Index is:  2020-21 = 2.00 2021-22 = 2.00 2022-23 = 2.00 2023-24 = 2.00 2024-25 = 2.00  Unit = Compliance Risk Index Score

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>The intervention we made at slow track and significant scrutiny draft determinations set the underperformance deadband for slow track and significant scrutiny companies at:</p> <p>2020-21 = 2.00 2021-22 = 2.00 2022-23 = 1.50 2023-24 = 1.50 2024-25 = 1.50</p> <p>Unit = Compliance Risk Index Score.</p>	<p>potentially erode public trust on the quality and safety of their drinking water.</p> <p>It emphasises that it takes its commitment to drinking water quality seriously. Drinking water quality is its customers' number one priority. It is also a very sensitive measure, whereby failure to meet regulations and standards can damage trust and confidence in everything that it does.</p> <p>It considers that there is a real risk for it to continue to deliver exceptional water to its customers – passing the water quality tests at customers' taps – whilst achieving CRI levels aligned or better than other companies in the industry (yet being penalised through the ODIs). It considers that this 'perverse' situation could damage customers' perceptions of the drinking water the company provides.</p>	<p>Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.</p>	
<p>Pollution incidents</p> <p>PR19SWB_PC F1</p>	<p>Performance commitment levels</p>	<p>The intervention we made at draft determinations was to set an upper quartile performance in each year of the 2020-25 period. Based on the forecast data provided by companies in the September 2018 business plan submission, the upper quartile values are:</p> <p>2020-21 = 24.51 2021-22 = 23.74 2022-23 = 23.00 2023-24 = 22.40 2024-25 = 19.50</p> <p>Unit = incidents per 10,000km of sewer</p>	<p>The company accepts the draft determination level, but states that a company specific approach has been taken for Hafren Dyfrdwy and that it should also be considered for a company specific approach.</p> <p>It notes that with regard to Hafren Dyfrdwy the proposed performance commitment levels for pollution reflect the size of their sewer network. It states that our Initial Assessment of Plans recognises the sewerage system is small and agrees it is not appropriate to set performance commitment levels on the basis of upper quartile performance. In making this decision, it states that we recognise that Hafren Dyfrdwy is out of step with other companies, and performance commitment levels need to reflect that.</p> <p>It states that its current sewer network reflects legacy decisions, including the size of the operating region, the density of connections, and the nature of the landscape has driven investment in the sewer network. It explains that the size and structure of its sewer network (e.g.</p>	<p>No change for the final determination.</p> <p>The company continues to support the upper quartile performance commitment levels, but emphasises the challenge it faces. The company is comparatively the worst performer for this measure, but it has improved performance by 63% over the last 5 years. Whilst it will be a challenge to achieve the upper quartile performance commitment levels, we have taken account of wider evidence to calibrate the stretch of the performance commitment for an efficient company.</p> <p>The company specific approach for Hafren Dyfrdwy was specifically due to the short length of its network. It was not due to capacity (as may have been interpreted by South West Water). Therefore Hafren Dyfrdwy is not a relevant comparison. We do not consider the small diameter of the sewer network (due to legacy decisions) is a sufficient justification to amend the performance commitment levels. The company recognises this and re-states its ambition to improve performance.</p>	<p>N/A</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>layout, sewer type, sewer diameter) directly reflect these factors.</p> <p>Most of its sewers remain of small diameter – which are more prone to blocking. To that extent, it considers that its sewer system is more like the network of Hafren Dyfrdwy, rather than larger companies such as Thames Water or United Utilities.</p> <p>Recognising the importance that its customers and stakeholders continue to place on the environment in the south west, the company maintains support for achieving upper quartile pollution performance commitment levels in its business plan. But it reiterates that this is an exceptional challenge for the company.</p>		
Leakage PR19SWB_PC C2	ODI rates	We did not intervene at draft determination on the outcome delivery incentive rates for this performance commitment.	The company notifies us of a transposition error in our ‘South West Water – Outcomes performance commitment appendix issued in April 2019’. It suggests this is due to its combined use of % and MI/d bases, and provides corrected figures.	<p>Change for the final determination.</p> <p>The company’s underperformance rates from its September 2018 business plan were not correctly stated in our draft determination. We did not make an intervention in our draft determination as we accepted the September rates. We change our draft determination to revert to the company’s September 2018 business plan value.</p>	We correct the standard underperformance payment rate at draft determination to - £0.615m per megalitre per day.
Leakage PR19SWB_PC C2	Enhanced ODI rates	We did not intervene at draft determination on the enhanced outcome delivery incentive rates for this performance commitment.	The company notifies us of a transposition error in our ‘South West Water – Outcomes performance commitment appendix issued in April 2019’. It suggests this is due to its combined use of % and MI/d bases, and provides corrected figures.	<p>Change for the final determination.</p> <p>The company’s enhanced underperformance rate from its September 2018 business plan was not correctly stated in our draft determination. We did not make an intervention in our draft determination as we accepted the September rates. We change our draft determination to revert to the company’s September 2018 business plan value.</p>	We correct the enhanced underperformance payment rate at draft determination to - £1.231m/ MI/d
Risk of sewer flooding in a storm PR19SWB_PC D2	Performance commitment levels	<p>At slow track/significant scrutiny draft determination we queried companies to confirm that they are:</p> <p>(i) using the updated parameters in the catchment vulnerability assessment (and setting out</p>	<p>The company provides additional information in its 11th February fast track submission and its query response to address our requests for information and clarity. The company has:</p> <p>(i) Used FEH13 rainfall parameters for assessments.</p> <p>(ii) Provided details of any assumptions it has made in its modelling.</p>	<p>Change for the final determination.</p> <p>We said in our assessment at draft determination that we would review the model coverage and supporting information and make a decision at final determination regarding whether or not to intervene. We assess that the company has very poor model coverage, which we consider is likely to mean that the company has a poor understanding of the risks within its region. Therefore, we are revising the</p>	<p>We set the performance commitment levels as follows:</p> <p>2020-21 = 30.54 2021-22 = 29.39 2022-23 = 28.23 2023-24 = 27.08 2024-25 = 25.92</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>any additional criteria that it intends to use);</p> <p>(ii) reporting the extent to which it uses 2D or simpler modelling; and</p> <p>(iii) adopting FEH13 rainfall as standard, and if not, when it expects to do so.</p>	<p>(iii) Used a mixture of Option 1a (non-modelled) and Option 1b (modelled approach).</p> <p>(iv) The company uses both the 1D and 2D modelling approaches.</p>	<p>performance commitment level to a 2024-25 performance commitment level of 25.92%.</p> <p>We consider that the company's model coverage is too low relative to the rest of the industry. The company currently uses option 1a (no model assessment) to assess 69% of its population, when option 1b (model assessment) could be used instead. In this context we consider that the company's performance commitment levels are not currently sufficiently stretching because of the poor model coverage relative to industry peers. Poor model coverage means that the company has greater potential to reduce its performance commitment levels on this metric compared to other companies that already have higher model coverage. We consider that this potential for improvement is not currently represented in the company's performance commitment levels.</p> <p>As a result, we change the company's performance commitment levels to be uplifted (further stretched) to represent by 2024-25 the level that would be expected from a 50% increase in model coverage. We set a straight-line glide-path to 2024-25, with all annual performance commitment levels adjusted accordingly.</p>	Unit = Percentage of population at risk (%)
<p>Internal sewer flooding</p> <p>PR19SWB_PC B1</p>	Enhanced ODI rates	<p>At fast track draft determination we set the company's enhanced outperformance rate at the same multiple of 2x its standard rate that was proposed in its business plan. We reduced the standard outperformance rate, and so therefore decreased the enhanced outperformance rate from £12.472m to £7.040m per incidents per 10,000 connections.</p>	<p>The company states that the change to its enhanced ODI rate for internal sewer flooding seems contradictory to the early certainty principle it opted into at the IAP stage. The company notes that we stated we would reassess outperformance rates only if the company's rates turned out to be industry outliers. The company states that its rates for internal sewer flooding are not outliers and align with its customers' view on the importance of driving improvements in this measure. The company states that its enhanced ODI is based on customer evidence and lowering its rate would move it away from its customers' views.</p> <p>The company notes that the scaling down of the benchmarking externality for smaller companies is contrary to the approach recommended by Frontier Economics in the 2018 paper for Ofwat. The company states the number of households</p>	<p>No change for the final determination.</p> <p>The company opted into early certainty. Early certainty applies at early draft determination and not before. Consequently, we proposed interventions to the company's enhanced rates at early draft determination.</p> <p>The company's September 2018 business plan stated that its customers indicated the level of an enhanced rate should be approximately double the standard rate. The company's enhanced rate proposed in its September 2018 business plan was set on the basis of this research and was set to 2x standard outperformance rate. Therefore it is appropriate that the company proportionally reduces its enhanced outperformance rate in line with the reduction in its standard outperformance rate.</p> <p>The 'scaling down' adjustment the company is referring to is the adjustment for distributional concerns (step 7 in Annex 4</p>	N/A



Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>that are beneficiaries of the externality (outside of the company’s own customers) should positively affect the value of the externality. The company states that our adjustment does the opposite.</p> <p>The company proposes that its rate reverts to the original level set out in its September 2018 business plan (£12.472m/ incidents per 10,000 connections )</p>	<p>of our ‘Delivering outcomes for customers policy appendix’). This is an adjustment to ensure customers of a small water company do not end up paying more than the customers in a large water company on a per-customer basis. The company has only chosen parts of the 2018 Frontier Economics report that makes its case. It has omitted the report’s statement that ‘there is no clear justification for rewarding a small company significantly more than a large company for such improvements’ and that ‘it would be disproportionate for customers for that company to bear such large variations in their bills’. The company’s concern here is methodological rather than specific to its own rate. The evidence submitted by the company is not sufficient to change our draft determination methodology for the final determination.</p>	
<p>Efficient delivery of the new Knapp Mill WTW</p> <p>PR19SWB_PC A6</p> <p>&amp;</p> <p>Efficient delivery of the new Alderney WTW</p> <p>PR19SWB_PC A7</p>	<p>Performance commitment levels and ODI rates</p>	<p>For Knapp Mill water treatment works, at draft determination, we intervened to set the performance commitment level to no delay of the expected completion date in 2020-25 and the ODI underperformance rate to £0.169m per month, applicable as one-off payment based on the length of delay of the expected completion date at the end of 2024-25.</p> <p>For Alderney water treatment works, at draft determination we intervened to set the performance commitment level to ‘blank’ in 2020-22 and no delay of the expected completion date in 2022-25 and the ODI underperformance rate to £0.149m per month, applicable as one-off payment based on the length of delay of the expected completion date at the end of 2024-25.</p>	<p>The company updates the timing of its planned build of two new water treatment works in the Bournemouth area. It states this is due to the completion of its discussions with the Drinking Water Inspectorate (DWI), which were not complete at the time of its September 2018 business plan submission. Previously, the Knapp Mill water treatment work scheme was due to begin in 2020-21 and complete in 2024-25. This profile has now shifted two years later. The Alderney water treatment work scheme was due to begin in 2022-23 and complete in 2026-27. It has now shifted two years earlier.</p> <p>It states that the new timings need to be reflected in the performance commitments. The company states that the expenditure profile for the 2020-25 period with the efficiency challenge applied remains broadly unchanged.</p>	<p>Change for the final determination.</p> <p>Following further information submitted by the company in relation to costs, the overall cost allowance has been increased for both schemes for final determination.</p> <p>Based on updated cost allowances and the re-profiling of the dates over which delivery occurs, we set the underperformance payment rates to: £0.519m (Knapp Mill) and £0.590m (Alderney).</p>	<p>We revise the expected delivery deadline dates to Alderney to 31 March 2025.</p> <p>For Knapp Hill, we specify an expected delivery deadline date of 31 March 2027. We specify that for the 2020-25 period we will recover the expenditure given in the 2020-25 period if the delivery is not on track (on a per month basis).</p> <p>Underperformance payments are based on performance in 2024-25 only. We adjust the underperformance payment rates to:</p> <p>Alderney= -£0.590m per month delay</p> <p>Knapp Mill= -£0.519m per month delay</p>
<p>Priority services for customers in</p>	<p>Performance commitment definition</p>	<p>We intervened at draft determination to change the definition of the performance</p>	<p>The company states that as currently written the ‘attempted contact’ element of the performance commitment would require it to re-contact</p>	<p>Change for the final determination.</p>	<p>We update the performance commitment guidance to make it clearer that reactive contacts can be included.</p>

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vulnerable circumstances PR19SWB_PC E6		commitment by splitting the measure into 'attempted' (i.e. an outbound contact that has not received a response) and 'actual' contacts (i.e. updates to data based on contact with the customer).	customers for whom it has already received updated data. It therefore proposes to count reactive as well as proactive engagement toward the target of 90%.	The company misunderstands the intention of this requirement. Our reporting guidance states 'at the point at which a customer responds to a request, that household can be counted as both an 'attempted' and 'actual' contact, regardless of the approach used.' This includes reactive contact (particularly as the origin of such contact is unknown and could well be as a result of the company's efforts).	
Customer measure of experience (C-MeX) PR19YKY_19	All	We set a common performance commitment for all companies regarding residential customer satisfaction.	All representations from companies and other stakeholders are summarised and assessed in the 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	See 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.
Developer services measure of experience (D-MeX) PR19YKY_10	All	We set a common performance commitment for all companies regarding developer services customer satisfaction.	All representations from companies and other stakeholders are summarised and assessed in the 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	See 'PR19 final determinations - Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.

**Table 2: South West Water - Representations from other stakeholders**

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Business Stream	Smart metering performance commitments	Performance commitment definition	<p>We set a bespoke performance commitment relating to delivering smart meters for several companies. We allow a substantial enhancement expenditure allowance to some companies, beyond their base maintenance allowance, for this programme of work in our final determinations.</p> <p>These performance commitments ensure that these enhancement costs will be recovered for customers if a company does not deliver or partially delivers the programme.</p>	<p>One retailer stakeholder (Business Stream) proposes extending the scope of smart metering performance commitments to include business properties. It states that this could potentially contribute towards addressing the current shortage of metering capacity in the business retail market.</p>	<p>No change for the final determination.</p> <p>The inclusion of smart metering programmes in business plans is a result of the water resources management planning process, which identify options to increase supply and reduce demand. This will have included consideration of both business and residential smart metering options. It is important that both the funding and performance commitment definitions for these programmes are aligned to their scope. We do not consider it to be feasible in this specific case to amend the performance commitments without a corresponding change to cost adjustment claims because they are so linked for this performance commitment.</p> <p>The company has told us that its smart metering programme will be replacing both residential retail and business retail meters. It is focused on replacing end of life meters rather than pro-actively replacing by geography. We do not consider there is sufficient and convincing evidence that it is necessary to change the performance commitment definition.</p>	N/A



**Table 3: South West Water - Changes to the draft determination not due to a representation**

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
N/A	ODI rates	We intervened on some ODI rates at draft determination.	<p>Change for the final determination.</p> <p>For final determinations we revise some ODI rates on which we have previously intervened due to updates in the underlying data used to calculate the ODI rates. In particular, we update the data on the number of connections to reflect the latest information available. In most cases this has only a small impact on the ODI rates.</p> <p>We update all ODI rates where we calculate a ‘delay’ or ‘cost-recovery’ rate using the weighted average cost of capital and/or other regulatory parameters to reflect the values we are using in our final determination.</p> <p>We also make a small number of corrections for where we have identified errors in our draft determination calculations. The final ODI rates are specified in South West Water – Outcomes performance commitment appendix. We also make a correction to update the price control allocation for the ‘EPA’ performance commitment, to 15% water resources, and 85% wastewater network plus.</p>	We change ODI rates where the underlying data used to calculate the rate has been updated (except where early certainty applies), or an error has been identified.
<p>Water supply interruptions</p> <p>PR19SWB_PC A2</p>	Performance commitment levels	<p>No intervention at fast track draft determination.</p> <p>At the slow track and significant scrutiny draft determinations, we highlighted the implications if the decisions from our draft determinations for slow track and significant scrutiny companies were applied to fast-track companies. The intervention we made at slow track and significant scrutiny draft determination was to set performance commitment levels that were consistent with the rest of the industry for supply interruptions. These levels were:</p> <p>2020-21 = 00:05:24                  2021-22 = 00:04:48                  2022-23 = 00:04:12                  2023-24 = 00:03:36                  2024-25 = 00:03:00</p>	<p>Change for the final determination.</p> <p>We adjust the water supply interruptions 2024-25 level to five minutes, with an amended glidepath in the first four years, taking account of wider evidence to calibrate stretch of performance commitment for an efficient company.</p> <p>Please refer to the ‘Delivering outcomes for customers policy appendix’ for more detail on this sector wide change.</p>	<p>The following is a sector wide change for the final determination.</p> <p>We set revised performance commitment levels to the following values:</p> <p>2020-21 = 00:06:30                  2021-22 = 00:06:08                  2022-23 = 00:05:45                  2023-24 = 00:05:23                  2024-25 = 00:05:00</p> <p>Units = Hours:minutes:seconds (HH:MM:SS) per property per year</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		Units = Hours:minutes:seconds (HH:MM:SS) per property per year		
<p>Mains Repairs</p> <p>PR19SWB_PC A3</p>	<p>Performance commitment levels</p>	<p>No intervention at draft determination.</p>	<p>Change for the final determination.</p> <p>We increase the performance commitment levels for mains repairs by a reducing percentage, for all companies, in all years, making it easier to achieve. The aim is to allow all companies the flexibility to deliver the improvement in leakage reduction, allowing more flexibility in the earlier years to use proactive mains repairs to reduce leakage.</p> <p>Please refer to our ‘Delivering outcomes for customers policy appendix’ for further information.</p>	<p>The following is a sector wide change for the final determination.</p> <p>We set the performance commitment levels to the following values:</p> <p>2020-21 = 152.3            2021-22 = 147.0            2022-23 = 141.8            2023-24 = 136.6            2024-25 = 131.6</p> <p>Units: Mains burst per 1,000km</p>
<p>Unplanned Outage</p> <p>PR19SWB_PC A4</p>	<p>Performance commitment levels</p>	<p>No intervention at draft determination.</p>	<p>Change for the final determination.</p> <p>We consider that a standard performance level in 2024-25 is appropriate for this measure. We consider this an appropriate approach for unplanned outage as it recognises the current maturity of the metric and the limited historical dataset in which to set stretching levels for. A standard level for 2024-25 is not suitable for any other asset health performance commitment as this would allow deterioration of performance for many companies, which is counter to our methodology requirement for companies to improve performance.</p> <p>All companies that forecast performance (2019-20 or actual 2018-19) better than 2.34% will be set performance commitments levels at 2.34% in all years. All companies that forecast performance (2019-20 or actual 2018-19) worse than 2.34% will be set profiles from their forecast 2019-20 (or actual 2018-19) value to 2.34%. The only exception to this is Southern Water which proposes worse performance commitment levels but a significant improvement from their current levels, therefore we have allowed Southern Water a different 2024-25 level.</p> <p>As South West Water’s 2018-2019 actual and 2019-20 forecast performance is better than 2.34%, we set the performance commitments levels at 2.34% in all years.</p> <p>Please refer to our ‘Delivering outcomes for customers policy appendix’ for further information.</p>	<p>We revise the performance commitment levels to the following values:</p> <p>2020-21 = 2.34            2021-22 = 2.34            2022-23 = 2.34            2023-24 = 2.34            2024-25 = 2.34</p> <p>Units: Percentage of peak week production capacity (%)</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
Unplanned Outage PR19SWB_PC A4	Underperformance collar	No intervention at draft determination.	Change for the final determination.  Without adjustment the underperformance collars would be set at better performance than the performance levels which would remove any financial incentive. We adjust the underperformance collars to maintain the same maximum underperformance payments as expected at draft determination.	We revise the underperformance cap levels to the following values:  2020-21 = 2.98 2021-22 = 2.98 2022-23 = 2.98 2023-24 = 2.98 2024-25 = 2.98  Units: Percentage of peak week production capacity (%)
Leakage PR19SWB_PC C2	Performance commitment definition	No intervention at draft determination.	Change for the final determination.  To avoid any misinterpretation regarding the value for the company's 2019-20 leakage target, we amend the performance commitment definition to clarify the requirement for all companies.	We amend the wording of the performance commitment definition to the following:  "As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or five year average basis, we assume the 2019-20 annual performance commitment level is equal to the average level specified in the PR14 performance commitment."
Leakage PR19SWB_PC C2	Enhanced ODI thresholds	To achieve fast-track status at the initial assessment of plans the company agreed to a series of actions on its performance commitments. This resulted in increases in the stretch of its enhanced outperformance thresholds for this performance commitment. At slow track draft determination we took a single industry view for each performance commitment of the threshold level of performance beyond which companies should receive enhanced outperformance payments. We also maintained our view that the actual lower quartile of performance should be used to calculate the	Change for the final determination.  We make amendments to our methodology for calculating enhanced outperformance thresholds for the final determination, details of which can be found in the 'Delivering outcomes for customers policy appendix'. We also change outperformance thresholds if we have found errors in our draft determination calculations. We therefore update the enhanced outperformance thresholds for this performance commitment.  We retain the same methodology used at draft determination to set enhanced underperformance thresholds, however we update enhanced underperformance thresholds to align with the lower quartile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the 'PR19 draft determinations: Delivering outcomes for customers policy appendix'. Further details can be found in the 'Delivering	We change the company's enhanced outperformance threshold on this performance commitment to the following:  2020-21 = 32.6% 2021-22 = 33.3% 2022-23 = 36.1% 2023-24 = 39.2% 2024-25 = 42.3%  Units: Percentage reduction from three year average baseline.  We change the company's enhanced underperformance threshold on this performance commitment to the following:  2020-21 = -30.6% 2021-22 = -30.6%

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		enhanced underperformance threshold for each performance commitment. Our slow track draft determination had implications for the company's enhanced ODI thresholds on this performance commitment.	outcomes for customers policy appendix'. We therefore update the enhanced outperformance thresholds for this performance commitment.	2022-23 = -30.6% 2023-24 = -30.6% 2024-25 = -30.6%  Units: Percentage reduction from three year average baseline.
Leakage  PR19SWB_PC C2	P90 performance levels	N/A	Change for the final determination.  Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.  To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then adjust the P90 performance levels to increase linearly from the 2020-21 level up to the level of the enhanced outperformance threshold by 2024-25. We consider that we should take into account the additional incentive from enhanced ODIs on performance.	We estimate P90 performance levels as:  2020-21 = 9.7 2021-22 = 17.9 2022-23 = 26.0 2023-24 = 34.1 2024-25 = 42.3  Units: Percentage reduction from 2019-20 baseline, reported to one decimal place.
Internal sewer flooding  PR19SWB_PC B1	Enhanced ODI thresholds	To achieve fast-track status at the initial assessment of plans the company agreed to a series of actions on its performance commitments. This resulted in a lower performance level for its enhanced underperformance thresholds for this performance commitment. At slow track draft determination we took a single industry view for each performance commitment of the threshold level of performance beyond which companies should receive enhanced outperformance payments. We also maintained our view that the actual lower quartile of performance should be used to calculate the enhanced underperformance threshold for each performance commitment. Our slow track draft determination had implications for the company's enhanced ODI thresholds on this performance commitment.	Change for the final determination.  We make amendments to our methodology for calculating enhanced outperformance thresholds for the final determination, details of which can be found in the 'Delivering outcomes for customers policy appendix'. We also change outperformance thresholds if we have found errors in our draft determination calculations. We therefore update the enhanced outperformance thresholds for this performance commitment.  We retain the same methodology used at draft determination to set enhanced underperformance thresholds, however we update enhanced underperformance thresholds to align with the lower quartile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the ' <a href="#">PR19 draft determinations: Delivering outcomes for customers policy appendix</a> '. Further details can be found in the 'Delivering outcomes for customers policy appendix'. We therefore update the enhanced outperformance thresholds for this performance commitment.	We change the company's enhanced outperformance threshold on this performance commitment to the following:  2020-21 = 0.93 2021-22 = 0.90 2022-23 = 0.87 2023-24 = 0.80 2024-25 = 0.74  Units: Incidents per 10,000 connections  We change the company's enhanced underperformance threshold on this performance commitment to the following:  2020-21 = 2.56 2021-22 = 2.56 2022-23 = 2.56 2023-24 = 2.56 2024-25 = 2.56  Units: Incidents per 10,000 connections

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
Resilient water and wastewater services on the Isles of Scilly PR19SWB_PCD5	ODI rate	We intervened at fast track draft to increase the ODI underperformance rate to -£4.45m per annum.	Change for final determination.  We update the ODI rate on this rate based on our final determination totex allowances.	We change the underperformance rate on this performance commitment to -£5.14m per unit.
Per capita consumption PR19SWB_PC C3	Outperformance Cap	No intervention	Change for the final determination.  We correct the presentation from the absolute percentage of the 2019-20 baseline that was stated at draft determinations to the correct percentage reduction.	We correct the presentation of the company's outperformance cap on this performance commitment to the following:  2020-21 = 7.4% 2021-22 = 8.6% 2022-23 = 9.9% 2023-24 = 11.3% 2024-25 = 12.5%  Units: percentage reduction from 2019-20 baseline.
Mains repairs SWB_PC A3	P90 performance levels	N/A	Change for the final determination.  Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.  To set P90 performance levels, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and draft determination. We then conduct reasonable range analysis on the ratio of P90 performance levels to performance commitment levels set at draft determination, and we determine that the P90 performance level was outside the reasonable range. We therefore increase the stretch of the P90 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean. Our final step was to further adjust the P90 performance levels for any changes in the performance commitment levels between draft determination and final determination.	We set P90 performance levels to:  2020-21 = 136.5 2021-22 = 131.5 2022-23 = 127.1 2023-24 = 122.1 2024-25 = 117.3  Units: Number of repairs per 1000km of mains, reported to one decimal place.
Taste, smell and colour contacts SWB_PC A5	P10 performance levels	N/A	Change for the final determination.  Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.  To estimate P10 performance levels, we first adjust the P10 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then conduct reasonable range analysis on the ratio of P10 performance levels to performance commitment levels, and we determine that the P10	We estimate P10 performance levels as:  2020-21 = 2.75 2021-22 = 2.69 2022-23 = 2.66 2023-24 = 2.64 2024-25 = 2.65



Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			performance level is outside the reasonable range. We therefore increase the stretch of the P10 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean.	Units: Number of customer contacts per 1,000 population, reported to two decimal places.
Internal sewer flooding SWB_PC B1	P90 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then adjust the P90 performance levels to increase linearly from the 2020-21 level up to the level of the enhanced outperformance threshold by 2024-25. We consider that we should take into account the additional incentive from enhanced ODIs on performance.</p>	<p>We estimate setting P90 performance levels as:</p> <p>2020-21 = 1.08 2021-22 = 0.98 2022-23 = 0.89 2023-24 = 0.79 2024-25 = 0.69</p> <p>Units: Number of incidents per 10,000 sewer connections reported to two decimal places.</p>
Pollution incidents SWB_PCF1	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 performance levels, we first adjust the P10 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then conduct reasonable range analysis on the ratio of P10 performance levels to performance commitment levels, and we determine that the P10 performance level is outside the reasonable range. We therefore increase the stretch of the P10 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 42.16 2021-22 = 39.82 2022-23 = 38.30 2023-24 = 36.52 2024-25 = 33.79</p> <p>Units: Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.</p>
Priority services for customers in vulnerable circumstances SWB_PC E6	Performance commitment level	Our intervention at draft determination was to change the definition of the performance commitment by splitting the measure into 'attempted' (i.e. an outbound contact that has not received a response) and 'actual' contacts (i.e. updates to data based on contact with the customer).	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the performance commitment level. However, we receive a number of representations from companies and other stakeholders. Based on the evidence set out in these representations, we revise the performance commitment levels for the actual contacts element of the performance commitment.</p>	<p>The following is a sector-wide change for the final determination.</p> <p>We revise the performance commitment levels for the actual contacts to:</p> <p>2020-21 = 17.5 2021-22 = 35.0 2022-23 = 35.0 2023-24 = 35.0 2024-25 = 35.0</p> <p>Unit: Percentage of priority services customers that the company has made actual contact with.</p>



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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