

December 2019

PR19 final determinations

**Thames Water – Outcomes performance
commitment appendix**

PR19 final determinations: Thames Water – Outcomes performance commitment appendix

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

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

The appendix provides the following information on each performance commitment:

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

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

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

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

The procedures for making any changes to performance commitments during the 2020-25 period are specified in Annex 2 of this document. In addition for Thames Water, we may reset relevant performance commitments and/or outcome delivery incentives during this period in relation to its water network as part of the gated process set out in the Thames Water - Cost efficiency additional information appendix.

We make two conditional allowances relating to water supply infrastructure in London. We allow £180 million to investigate risks to resilience and the mitigation of risk to water supplies in North East London. Further we are stepping in to make an allowance of up to £300 million to improve the performance of the London water network. These two allowances are to ensure Thames Water develops proposals to effectively mitigate risk and significantly improve asset health and service resilience. Both are conditional on Thames Water delivering an agreed scope of work through a gated process.

Thames Water will face greater scrutiny on these allowances than would normally be the case. We will return the allowance to customers unless Thames Water provides a clear and well thought through plan. We expect Thames Water to demonstrate that it understands the challenges facing its network and to produce a well thought-through plan in a defined time frame with clear and measurable deliverables. The plan should identify and commit to new performance standards that capture likely benefits to performance from any planned.

Where potential benefits flow from the London water network improvement enhancement allowance and impact on performance commitments set in this final determination, potentially making the performance commitment levels or outcome delivery incentive outperformance payments easier to achieve, we will consider resetting those levels or incentives. This is to reflect the level of stretch and outperformance payment in line with our intention in our final determination. We will consider this and reset as necessary as part of the gated process.

The outcomes framework sits in the broader context of the company's statutory and licence requirements for service delivery. Independently of the outcomes framework, each company also has to ensure that it complies with its legal obligations, or risk enforcement action. If a company's performance falls below the level set for a

performance commitment (irrespective of the existence of any deadband or collar), we will consider whether this is indicative of wider compliance issues to the detriment of consumers and whether enforcement action, with the potential for remedial and fining measures, is warranted.

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

1.1 Common performance commitments

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

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

1.1.1 Water quality compliance (CRI)

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW06a
Detailed definition of performance measure	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: https://www.ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/
Additional detail on measurement units	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).
Specific exclusions	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Numerical CRI score, reported to two decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	98% water network plus 2% water resources

Unique Reference	PR19TMS_BW06a
Frequency of reporting	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.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-2.139
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.2 Water supply interruptions

Purpose: This performance commitment is designed to incentivise companies to minimise the number and duration of supply interruptions.

Benefits: Reducing the number and duration of interruption events improves the reliability of supply and reduces negative social and public health impacts on customers.

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW03
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on 27 March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-supply-interruptions/</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>
Additional detail on measurement units	<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>

Unique Reference	PR19TMS_BW03
	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.
Specific exclusions:	None
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	ODI rate applies on a per minute basis.
Links to relevant external documents	NA

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	HH:MM:SS	NA	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00
Enhanced underperformance collar	HH:MM:SS		NA	NA	NA	NA	NA
Standard underperformance collar	HH:MM:SS		00:22:45	00:22:45	00:22:45	00:22:45	00:22:45
Underperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:MM:SS		00:03:51	00:03:34	00:03:16	00:02:59	00:02:41
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.415
Underperformance payment - enhanced	NA
Outperformance payment - standard	1.415
Outperformance payment - enhanced	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	PR19TMS_BW04
Detailed definition of performance measure	<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: https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</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>
Additional detail on measurement units	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company’s control.</p> <p>As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company’s actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for</p>

Unique Reference	PR19TMS_BW04
	<p>2019-20. For PR14 performance commitments set on a three or five year average basis, we assume the 2019-20 annual performance commitment level is equal to the average level specified in the PR14 performance commitment.</p> <p>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	<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>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	<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>
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level – percentage reduction	%	NA	4.1	10.2	14.1	17.4	20.4
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-10.0	-10.0	-10.0	-10.0	-10.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		7.4	14.9	18.8	22.1	25.1
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment - standard	-0.389
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.307
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	PR19TMS_BW05
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: https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
Additional detail on measurement units	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company’s control.</p> <p>Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels</p>

Unique Reference	PR19TMS_BW05
	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.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	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.
Measurement unit and decimal places	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	1.1	2.3	3.4	4.4	6.3
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-8.8	-8.8	-8.8	-8.8	-8.8
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		4.6	5.8	6.9	7.9	9.8
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.696
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.760
Outperformance payment - enhanced	NA

1.1.5 Mains repairs

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW01
Detailed definition of performance measure	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on 27 March 2018. https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/ It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
Additional detail on measurement units	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.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	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.

Unique Reference	PR19TMS_BW01
Measurement unit and decimal places	Number of repairs per 1000km of mains, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	265.9	262.2	258.5	254.8	251.1
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		372.3	372.3	372.3	372.3	372.3
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		212.9	209.2	205.5	201.8	198.1
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.286
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.224
Outperformance payment - enhanced	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	PR19TMS_BW02
Detailed definition of performance measure	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-unplanned-outage/</p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage should then be summed (Ml/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
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) (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
Measurement unit and decimal places	Percentage of peak week production capacity, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments

Unique Reference	PR19TMS_BW02
Timing of underperformance and outperformance payments	In-period
Price control allocation	89% water network plus 11% water resources
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	6.00	5.09	4.17	3.26	2.34
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar for tier 2 standard underperformance rate	%		24.00	24.00	24.00	24.00	24.00
Standard underperformance collar for tier 1 standard underperformance rate	%		6.00	6.00	6.00	6.00	6.00
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment tier 1 - standard	-2.719
Underperformance payment tier 2 - standard	-3.080
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	PR19TMS_DW01
Detailed definition of performance measure	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on 13 March 2018:</p> <p>https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/</p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
Additional detail on measurement units	<p>The metric will be calculated using the following formula:</p> <p><i>At risk if, $DO - OA < DD + TH$</i></p> <p>Where:</p> <p>Deployable output (supply) = DO</p> <p>Outage allowance (unavailable supply) = OA</p> <p>Dry year demand = DD</p> <p>Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of</p>

Unique Reference	PR19TMS_DW01
	a water resource zone) by the total number of customers served by the company.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	As defined in the reporting guidance.
Measurement unit and decimal places	Percentage of population at risk reported 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
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	77.0	77.0	77.0	76.9	76.9
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_AR06
<p>Detailed definition of performance measure</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"> • The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company’s PSR; • Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period; • Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period. <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
<p>Additional detail on measurement units</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>

Unique Reference	PR19TMS_AR06
	<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>
Specific exclusions	None
Reporting and assurance	<p>Companies should also report the following information:</p> <p>PSR reach: companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p>PSR data-checking: Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p> <p>Regardless of whether an ‘attempted’ contact is undertaken through the company or a third party, we require all performance to be reported as part of the single ‘attempted contact’ measure in the company’s overall performance reporting to Ofwat.</p>
Measurement unit and decimal places	<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>
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA

Unique Reference	PR19TMS_AR06
Links to relevant external documents	None

Performance commitment levels

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	3.0	4.0	5.0	6.0	7.0
Performance commitment level: Actual contact	%		17.5	35.0	35.0	35.0	35.0
Performance commitment level: Attempted contact	%		45.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.9 Internal sewer flooding

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_CS03
Detailed definition of performance measure	<p>The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on 28 April: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/</p> <p>The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.</p> <p>Companies might also want to present their performance commitments in absolute numbers to make it easier for customers and stakeholders to understand.</p> <p>The definitive service levels are those expressed as the values normalised per 10,000 sewer connections.</p>
Additional detail on measurement units	<p>Internal flooding: is defined as flooding which enters a building or passes below a suspended floor.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of</p>

Unique Reference	PR19TMS_CS03
	<p>Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p> <p>The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	<p>This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections.</p> <p>Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of incidents per 10,000 sewer connections reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	1.68	1.63	1.58	1.44	1.34
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		3.35	3.35	3.35	3.35	3.35
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		1.22	1.17	1.13	0.99	0.90
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment – standard	-16.762
Underperformance payment - enhanced	NA
Outperformance payment - standard	16.762
Outperformance payment - enhanced	NA

1.1.10 Pollution incidents

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_ES01
Detailed definition of performance measure	<p>Pollution Incidents is defined in the following guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency.</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</p> <p>The total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar year.</p>
Additional detail on measurement units	As defined in the reporting guidance
Specific exclusions	As defined in the reporting guidance
Reporting and assurance	<p>This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer.</p> <p>Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus

Unique Reference	PR19TMS_ES01
Frequency of reporting	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.
Any other relevant information	NA
Links to relevant external documents	<p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf</p> <p>Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency</p>

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	24.51	23.74	23.00	22.40	19.50
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		36.76	36.76	36.76	36.76	36.76
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.268
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.11 Risk of sewer flooding in a storm

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_DS01
Detailed definition of performance measure	<p>Risk of sewer flooding in a storm is defined within the guidance titled, Reporting guidance – Risk of sewer flooding in a storm, published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/</p> <p>This measure will record the percentage of the region’s population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions.</p>
Additional detail on measurement units	See guidance document for full details of the calculation and measurements units.
Specific exclusions	As defined in the guidance.
Reporting and assurance	As defined in the guidance.
Measurement unit and decimal places	Percentage of population at risk, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Reputational

Unique Reference	PR19TMS_DS01
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	10.25	10.25	10.25	10.25	9.90
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.12 Sewer collapses

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_CS02
Detailed definition of performance measure	<p>Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/</p> <p>Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment</p>
Additional detail on measurement units	<p>Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p>
Specific exclusions	As defined in the guidance.
Reporting and assurance	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
Measurement unit and decimal places	Number of collapses per 1000km of sewer network, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19TMS_CS02
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	4.00	4.00	4.00	4.00	4.00
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.967
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.755
Outperformance payment - enhanced	NA

1.1.13 Treatment works compliance

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_CS01
Detailed definition of performance measure	Treatment works compliance is defined in the reporting guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency. https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.
Additional detail on measurement units	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage compliance, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19TMS_CS01
Price control allocation	100% wastewater network plus
Frequency of reporting	Annually, 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.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	100.00	100.00	100.00	100.00	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		99.00	99.00	99.00	99.00	99.00
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-3.063
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.14 C-MeX

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_AR01
<p>Detailed definition of performance measure</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"> • the company is one of the top three performers by C-MeX score; • 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 • the company has lower than the industry average number of household complaints (per 10,000 connections).
<p>Additional detail on measurement units</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>

Unique Reference	PR19TMS_AR01
	<p data-bbox="528 331 826 365">Standard payments</p> <p data-bbox="528 412 1382 651">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 data-bbox="528 703 799 736"><i>if score > median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p data-bbox="528 873 799 907"><i>if score < median :</i></p> $(score - median) * (12\% / (median - minimum))$ <p data-bbox="528 1043 799 1077"><i>if score = median :</i></p> <p data-bbox="935 1128 979 1162">0%</p> <p data-bbox="528 1214 624 1247">where:</p> <ul data-bbox="560 1254 1374 1563" style="list-style-type: none"> • 'score' is the company's C-MeX score in the reporting year; • 'median' is the median score of all companies' C-MeX scores in the reporting year; • 'maximum' is the highest score achieved by a company in the reporting year; and • 'minimum' is the lowest score achieved by a company in the reporting year. <p data-bbox="528 1653 991 1686">Higher performance payments</p> <p data-bbox="528 1738 1382 2007">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</p>

Unique Reference	PR19TMS_AR01
	<p>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> $C-MeX\ ASUQ = C-MeX\ Mean + (UKCSI\ ASUQ - UKCSI\ Mean) / UKCSI\ SD * C-MeX\ SD$ <p>where:</p> <ul style="list-style-type: none"> • 'C-MeX Mean' is the mean average of all water companies' C-MeX scores; • '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); • 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year; • 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year; and • 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies. <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>
Specific exclusions	None
Reporting and assurance	<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>
Measurement unit and decimal places	Score out of 100 to two decimal places

Unique Reference	PR19TMS_AR01
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	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).
Links to relevant external documents	'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix' https://www.ccwater.org.uk/ https://www.instituteofcustomerservice.com/

Incentive rates

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

1.1.15 D-MeX

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_AWS01
<p>Detailed definition of performance measure</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"> • 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 • quantitative D-MeX score, based on the company’s performance against a set of selected Water UK performance metrics throughout the reporting year. <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>Additional detail on measurement units</p>	<p>The company’s D-MeX score is calculated using the following formula:</p> $D-MeX\ score = 50\% * Qual + 50\% * Quant$ <p>where:</p>

Unique Reference	PR19TMS_AWS01
	<ul style="list-style-type: none"> • ‘Qual’ is a simple average of satisfaction scores given by developer customers surveyed in the developer customer satisfaction survey in the reporting year; and • ‘Quant’ is a simple average of the selected Water UK performance metrics which have non-zero volumes in the reporting year. <p>Outperformance and underperformance payments</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 > median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p><i>if score < median :</i></p> $(score - median) * (12\% / (median - minimum))$ <p><i>if score = median :</i></p> <p style="text-align: center;">0%</p> <p>where:</p> <ul style="list-style-type: none"> • ‘score’ is the company’s D-MeX score in the reporting year; • ‘median’ is the median score of all companies’ D-MeX scores in the reporting year; • ‘maximum’ is the highest score achieved by a company in the reporting year; and • ‘minimum’ is the lowest score achieved by a company in the reporting year.
Specific exclusions	None
Reporting and assurance	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.

Unique Reference	PR19TMS_AWS01
	Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.
Measurement unit and decimal places	Score out of 100 to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	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.
Frequency of reporting	Annual
Any other relevant information	<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"> • connection charges; • infrastructure charge receipts – new connections; • requisitioned mains; • requisitioned sewers; • diversions; and • other contributions (price control). <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>

Unique Reference	PR19TMS_AWS01
Links to relevant external documents	‘PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’ https://developerservices.water.org.uk

Incentive rates

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

1.2 Bespoke performance commitments

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

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

1.2.1 Water quality events

Purpose: This performance commitment incentivises the company to reduce the number of category 3, 4 and 5 water quality events that impact customers.

Benefits: The benefits of this performance commitment will be a more reliable water supply and improved customer confidence in the supply provided.

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW09
Detailed definition of performance measure	<p>The number of water quality events categorised as 3, 4 or 5 by the Drinking Water Inspectorate (DWI) that impact customers.</p> <p>Impact customers means:</p> <ul style="list-style-type: none"> the company issues restriction of use advice (or the DWI considers the company should have taken such action); or where one or more customers directly contacts the company by telephone, letter, email or website in response to a problem.
Additional detail on measurement units	<p>Each event is independently assessed by the DWI which assigns it a category score. The following category definitions are taken from the DWI's "Guidance on notification of events, August 2009" document.</p> <ul style="list-style-type: none"> 'Category 1. Not significant' – least potential negative impact on public confidence in the water supply. 'Category 2. Minor' – some potential for negative impact on public confidence in the water supply, but not requiring significant level of investigation. 'Category 3. Significant' – potential for negative impact on public confidence in the water supply requiring a detailed

Unique Reference	PR19TMS_BW09
	<p>investigation and assessment of the event by a warranted Inspector.</p> <ul style="list-style-type: none"> • ‘Category 4. Serious’ – significant potential for negative impact on public confidence in the water supply requiring a detailed investigation and assessment of the event by a warranted Inspector, possibly with additional internal and external support (to be determined on initial assessment of the circumstances of the event). • ‘Category 5. Major’ - significant potential for negative impact on public confidence in the water supply requiring a detailed investigation and assessment of the event by a warranted Inspector with additional internal and external support at all seniority levels (to be determined on initial assessment of the circumstances of the event). <p>This performance commitment is a measure of the number of category 3, 4 and 5 water quality events that have impacted customers. The DWI set out event notification criteria in their document “Guidance on the notification of events, August 2009”. The company’s internal triggers apply this guidance to enable it to be consistent in its event notifications.</p>
Specific exclusions	Category 3, 4 and 5 events that do not require the company to issue “restriction of use” advice, and those that do not prompt customers to directly contact the company by telephone, letter, email or website in response to a problem.
Reporting and assurance	The company will set out a methodology statement which outlines the processes and procedures for collecting data and calculating the metric to ensure consistency in the approach to reporting performance.
Measurement unit and decimal places	Number of events (category 3, 4 and 5) to zero decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA

Unique Reference	PR19TMS_BW09
Links to relevant external documents	NA

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0356
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.2 Unregistered household properties

Purpose: This performance commitment incentivises the company to reduce the number of properties in its region where water and wastewater services are being utilised but the property is not being billed.

Benefits: Reducing the number of properties, which are occupied but not billed as the property is not on the billing database, will result in fairer charges between customers and lower bills for customers already paying.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ER01
<p>Detailed definition of performance measure</p>	<p>This performance commitment assesses If the company has completed all processes to find unregistered household properties.</p> <p>Unregistered household properties (also known as ‘gap sites’) are properties where water and/or wastewater services are being consumed, but the property is not in the company’s system and is therefore not billed. This performance commitment is to ensure that the company has robust and consistent processes in place in order to minimise the number of unregistered properties within its region. The company will use third party datasets to cross reference with its billing system on a quarterly basis in order to identify mismatches in the properties registered. The processes include:</p> <ul style="list-style-type: none"> • A defined team will be responsible for downloading external data and using it to cross reference against internal records. The team will analyse this data to identify any sites that appear on the external data, but not on the company’s systems (and therefore appear to be unregistered). The team will be responsible for monitoring progress of sites being confirmed as being put into charge or confirmed as not existing; • confirmed unregistered sites will be passed on to the relevant teams to input in to the system and take further steps to bring in to charge, as appropriate; and • the company will use a minimum of three data sources in each quarter. These sources are not defined, but are likely to include examples such as Experian, Royal Mail postcode address file (PAF), Land Registry etc. These will be reviewed further for suitability and quality as the company starts testing the process.
<p>Additional detail on measurement units</p>	<p>This will be measured and reported as either:</p> <ul style="list-style-type: none"> • ‘Process completed’; or • ‘Process not completed’.

Unique Reference	PR19TMS_ER01
Specific exclusions	None
Reporting and assurance	<p>Performance on this measure will be assured by an external third party including:</p> <ul style="list-style-type: none"> • that the defined team have the capacity and suitable skills to analyse the external data to identify unregistered properties and have adequate processes to manage internal processes from identification of a potential unregistered property to the property being billed or confirmation of their non-existence. • the acquisition of external data relevant to unregistered property analysis; • the incorporation of this data into the company's internal unregistered property analysis process; and • the number each year of potential unregistered properties identified, the number billed, the number that are void and the number confirmed not to exist. <p>The report from the external third party will be published.</p>
Measurement unit and decimal places	'Process completed' or 'Process not completed'
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments if "Process not completed"
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	text	NA	Process completed	Process completed	Process completed	Process completed	Process completed
Enhanced underperformance collar	text		NA	NA	NA	NA	NA
Standard underperformance collar	text		NA	NA	NA	NA	NA
Underperformance deadband	text		NA	NA	NA	NA	NA
Outperformance deadband	text		NA	NA	NA	NA	NA
Standard outperformance cap	text		NA	NA	NA	NA	NA
Enhanced outperformance cap	text		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.211
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.3 Surface water management

Purpose: The purpose of this performance commitment is to incentivise the company to adopt more sustainable approaches to managing surface water that either more closely mimic the natural environment or make use of alternative surface water systems.

Benefits: This performance commitment helps achieve the following benefits:

- improved resilience by managing the quantity or rate of surface water runoff;
- reduced risk of pollution by improving the quality of surface water run-off;
- improved amenity of public spaces as well as wider community benefits; and
- improved biodiversity and customers’ experience of their natural environment.

Performance commitment definition and parameters

Unique Reference	PR19TMS_DS02
<p>Detailed definition of performance measure</p>	<p>The hectares of surface area disconnected from the combined sewer system or from which the flow of surface water is attenuated by a sustainable drainage system from 1 April 2020.</p> <p>The company will measure the total ‘effective contributing area’, that is, the area that generates surface water which communicates with its assets, which is then through appropriate surface water management diverted and passes through either a sustainable drainage system or new surface water system that does not communicate with combined sewers.</p> <p>The company will prioritise the areas where it seeks to reduce the flow to its combined sewer network by combining four different approaches:</p> <ul style="list-style-type: none"> • headroom capacity assessment using the 21st century drainage programme approach, modified to improve accuracy where specific issues exist within catchments e.g. groundwater infiltration and basements; • fifty year resilience approach as developed by the 21st century drainage programme; • historical modelling using information from the company’s sewer flooding history database, pollutions database and past studies; and • pipe volume capacity – using the company’s known map of sewers. Calculating the total volume of storage within the sewer network and comparing it to the population or expected inflow at appropriate points. <p>Each of the above is used to develop a thematic map whereby the company differentiates between sewer</p>

Unique Reference	PR19TMS_DS02
	<p>drainage area catchments (SDACs) with relatively high or low headroom. These maps are then reviewed for accuracy by the company's asset planning team.</p> <p>The company may supplement the above prioritisation approach or propose new more accurate approaches than the one specified above. However, any amendments to the prioritisation approach must be robustly justified and in line with surface water management best practice.</p>
Additional detail on measurement units	<p>Surface water management means the reduction, modification or removal of surface water from the sewerage system to reduce the risk of flooding and pollution. It also includes managing the risk that groundwater and land drainage poses to the sewerage system when ground water levels are high following prolonged rainfall.</p> <p>The company shall work in partnership with local authorities and other third party organisations, whenever possible, to improve performance on this measure.</p>
Specific exclusions	<p>This performance commitment is not applicable for contributing area which already drain to surface/foul sewer networks.</p> <p>Any schemes on site delivery before 31 March 2020.</p>
Reporting and assurance	<p>The company will publish assurance by an appropriately qualified external third party that:</p> <ul style="list-style-type: none"> the areas have been prioritised to focus on areas that are likely to significantly reduce the risk of pollution incidents or sewer flooding; and the company has incorporated best practice of surface water management in delivering solutions. <p>Any outperformance or underperformance payments will be calculated and applied based on the cumulative total in 2024-25.</p>
Measurement unit and decimal places	Number of hectares to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments only for 2024-25.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual

Unique Reference	PR19TMS_DS02
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	5.00	10.00	20.00	40.00	65.00
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.056
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.037
Outperformance payment - enhanced	NA

1.2.4 Smarter water catchment initiatives

Purpose: This performance commitment incentivises the company to understand the extent of additional achievable benefits and efficiencies available from tackling multiple catchment management issues together.

Benefits: This performance commitment aims to improve the approach to catchment management and the resolving of environmental issues in three river catchments (Crane, Evenlode and Chess).

Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS02
Detailed definition of performance measure	<p>Number of catchments that have an agreed catchment plan (which extends for at least 10 years) created in collaboration with the company's partners for each catchment as evidenced by formal support by relevant stakeholders and delivery of the actions set out in the catchment plan for the relevant reporting year.</p> <p>Delivery of the company's smarter water catchments initiative to undertake whole-river catchment interventions designed to address multiple environmental issues simultaneously. Initiatives will be delivered in partnership with at least one other organisation within the company's operational area.</p> <p>The company has identified three river catchments (Crane, Evenlode and Chess) where it considers there are multiple environmental challenges or issues that have relevance to its activities and in which the company has already have established working relationships with local stakeholders and catchment partnerships.</p>
Additional detail on measurement units	<p>This performance commitment will be measured as the number of smarter water catchments initiatives implemented in the three river catchments (Crane,</p>

Unique Reference	PR19TMS_EWS02
	Evenlode and Chess) where one or more environmental issues are addressed.
Specific exclusions	None
Reporting and assurance	<p>The company will publish assurance by an appropriately qualified external third party that:</p> <ul style="list-style-type: none"> • all appropriate stakeholders in a catchment have been approached to be engaged in the partnership in each catchment; • all partners agreed to the catchment management plan; • all actions have been delivered in the report year • the contribution by other organisations delivered additional benefit.
Measurement unit and decimal places	Number of catchments to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	3	3	3	3
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.811
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.5 Sludge treated before disposal

Purpose: This performance commitment incentivises the company to improve the percentage of sludge that is treated before disposal.

Benefits: This performance commitment helps to increase treated sludge which reduces environmental impacts due to fewer vehicles leaving sludge centres and increased energy recovery from sludge.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ES03
Detailed definition of performance measure	<p>The percentage of sludge sent to treatment prior to disposal.</p> <p>Sewage sludge is a product of the wastewater treatment process.</p> <p>The performance commitment is defined as the percentage of wastewater sludge treated before disposal, where treatment includes chemical, biological and thermal processes. This includes all sludge collected from wastewater network plus and any third party sludge (such as sludge traded in from other water companies) that has been either transported by road, pipeline or indigenous co-located sludge, and treated at one of the company's sludge treatment centres (STCs).</p>
Additional detail on measurement units	None
Specific exclusions	Sludge exported out of the company's region is excluded if it is treated before disposal.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% bioresources
Frequency of reporting	Annual

Unique Reference	PR19TMS_ES03
Any other relevant information	This performance commitment is relevant because sludge treatment helps turn one of the company’s primary resources into an income stream; it enables the company to ‘sell’ electricity to wastewater network plus, receive renewable energy incentives (such as renewable obligation certificates (ROCs) on the power generated or renewable heat incentives (RHI) on the heat used) and sell treated biosolids to farmers as a fertiliser.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	96.6	97.2	97.8	98.4	99.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.413
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.6 Sewage pumping station availability

Purpose: This performance commitment incentivises the company to reduce the number of failures from network pumping stations that could affect customers and the environment.

Benefits: Fewer network pumping station failures helps to reduce property flooding and improves the environment, through reduced pollution incidents.

Performance commitment definition and parameters

Unique Reference	PR19TMS_CS05
Detailed definition of performance measure	<p>The average annual asset availability of pumps in network catchment sewage pumping stations across the company's region.</p> <p>The performance commitment includes all sewerage pumping stations that are reported dynamically through the company's Supervisory Control And Data Acquisition (SCADA) system. This equates to about 2,680 pumping stations with 6,000 pumps in total and 95% of its larger sewage pumps. This number includes all installed pumps in the SCADA connected facilities including those that are rarely used.</p>
Additional detail on measurement units	The calculation is made weekly and then averaged over the 52 weeks to give an annual average value every financial year.
Specific exclusions	<p>The measure excludes:</p> <ul style="list-style-type: none"> terminal sewage pumping stations, i.e. pumping stations located within the boundary of sewage treatment works; pumping stations where asset availability is not reported through SCADA. (Typically because they are recently adopted S105a pumping stations.)

Unique Reference	PR19TMS_CS05
	<ul style="list-style-type: none"> local package sewage pumping stations that are designed to protect individual properties from flooding following heavy rainfall.
Reporting and assurance	The company shall maintain a list of stations and pumps that are reported and monitored in the Supervisory Control And Data Acquisition (SCADA) system and used for this measure. Any changes to this list must be appropriately justified. This applies in particular to any large and/or critical assets.
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	Maintaining reliable operation of assets critical to achieving System Commissioning Commencement of the Thames Tideway Tunnel (TTT) scheme by October 2022 is implicit within this performance commitment.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	96.0	96.6	97.2	97.8	98.5
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.999
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.7 SEMD - Securing our sites (2020-25 projects)

Purpose: This performance commitment incentivises the company to secure its assets and sites from hazards such as terrorism and malicious threats.

Benefits: This performance commitment improves the long-term resilience of the company and helps it to deliver a consistent service to its customers, while also protecting customers from non-delivery.

Performance commitment definition and parameters

Unique Reference	PR19TMS_DWS02
Detailed definition of performance measure	The percentage of an agreed number of specified sites brought into compliance with Security and Emergency Measures Direction (SEMD) requirements and assessed against a set of criteria agreed with Defra from 1 April 2020. This performance commitment only applies to a list of 28 borehole sites agreed between the company and Defra. This is the same measure that Defra request the water industry use when reporting to them. Full compliance is assessed against criteria established by Defra.
Additional detail on measurement units	Percentage compliance of specified sites with SEMD requirements assessed against a set of criteria, as agreed with Defra. These sites will be assessed as compliant or not compliant.
Specific exclusions	Legacy projects that are outstanding from the 2020-25 period, which are covered by PR19TMS_DWS03 ('SEMD - Securing our sites (legacy projects)') are excluded.
Reporting and assurance	The reported level of compliance will be annually audited by an independent SEMD Certifier and this report will be shared with Defra and Ofwat, including the value of the work completed. The annual audit by an independent SEMD certifier reviews compliance, derogations and reports on the "quantity of sites" completed.
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.0513m per unit.

Unique Reference	PR19TMS_DWS02
Timing of underperformance and outperformance payments	End of period
Price control allocation	72.0% water network plus 28.0% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0.0	25.0	50.0	75.0	100.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0110
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.8 SEMD - Securing our sites (legacy projects)

Purpose: This performance commitment incentivises the company to secure its assets and sites from hazards such as terrorism and malicious threats. This performance commitment is specifically for projects which are outstanding from the 2015-20 period.

Benefits: This performance commitment improves the long-term resilience of the company and helps it to deliver a consistent service to its customers.

Performance commitment definition and parameters

Unique Reference	PR19TMS_DWS03
Detailed definition of performance measure	<p>The percentage of an agreed number of specified projects brought into compliance with Security and Emergency Measures Direction (SEMD) requirements and assessed against a set of criteria agreed with Defra.</p> <p>The performance commitment only includes the 264 legacy projects, from the 591 agreed at PR14, which remain outstanding in the 2020-25 period.</p> <p>Full compliance is assessed against criteria established by Defra.</p>
Additional detail on measurement units	Percentage compliance of specified projects with SEMD requirements assessed against a set of criteria, as agreed with Defra. These sites will be assessed as compliant or not compliant.
Specific exclusions	New projects which were not due in the 2015-20 period.
Reporting and assurance	<p>The reported level of compliance will be annually audited by an independent SEMD Certifier and this report is shared with Defra and Ofwat, including the value of the work completed.</p> <p>The annual audit by an independent SEMD certifier reviews compliance, derogations and reports on the “quantity of projects” completed.</p>

Unique Reference	PR19TMS_DWS03
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments only applies for 2024-25. In addition at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.3741m per unit.
Timing of underperformance and outperformance payments	End of period
Price control allocation	75.4% water network plus 24.6% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	7.0	27.0	52.0	77.0	100.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0805
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.9 Security of supply index SoSI

Purpose: This performance commitment incentivises the company to ensure that it can guarantee planned levels of service for water restrictions.

Benefits: If achieved this will provide a reliable water supply to customers.

Performance commitment definition and parameters

Unique Reference	PR19TMS_DW02
Detailed definition of performance measure	<p>The security of supply index (SOSI) indicates if the water company has sufficient water resources and a value below 100 indicates a shortfall against the company’s planned levels of service for water restrictions. The lower the value the larger the shortfall. Large deficits between supply and demand will cause the index to go negative. It assesses the extent to which the company is able to guarantee a planned level of service at the end of the financial year. The index is based on the difference between the available headroom and the target headroom in each Water Resource Zone (WRZ) in a dry year.</p>
Additional detail on measurement units	<p>The index is based on the difference between the available headroom (see below) and the target headroom specified in a WRMP for each resource zone. The ‘surplus/deficit’ is then expressed as a percentage of the sum of dry year distribution input and target headroom.</p> <p>Available headroom = WAFU (water available for use) Environment Agency definition (MI/d) + bulk imports (MI/d) – bulk exports (MI/d) – dry year distribution input (MI/d).</p> <p>The population in each zone with a headroom deficit is expressed as a percentage of the company total population. Where the zone is not in deficit, zero should be entered in ‘percentage of total population with headroom deficit’.</p> <p>Zonal index is then derived by multiplying the percentage of total population with headroom deficit by the square of the percentage deficit for each zone. This means that the index is a function of the square of the deficit, so that large deficits affecting small zones weigh in the overall index.</p> <p>Multiply the product for each zone by 100, and sum to produce the overall company score.</p> <p>The final company-wide, security of supply index is then calculated as: $(1 - \text{overall total company score for the zonal index}) \times 100$ The resulting score should be rounded down to the nearest whole number.</p> <p>The components of the Security of Supply Index calculation are annual averages and peak week values in MI/d. As SoSI is a measure of the company’s ability to supply water</p>

Unique Reference	PR19TMS_DW02
	in a dry year, the MI/d volumes are then adjusted for any weather effect to give the right return periods (the dry year MI/d volume of water available). The score reported is the lower of the two scores produced by annual averages and peak week values in MI/d
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	SOSI score to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	67% water resources 33% water network plus
Frequency of reporting	Annual
Any other relevant information	This is a continuation of the existing annual Security of Supply (SOSI) index.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	SOSI score	NA	100	100	100	100	100
Enhanced underperformance collar	SOSI score		NA	NA	NA	NA	NA
Standard underperformance collar	SOSI score		NA	NA	NA	NA	NA
Underperformance deadband	SOSI score		NA	NA	NA	NA	NA
Outperformance deadband	SOSI score		NA	NA	NA	NA	NA
Standard outperformance cap	SOSI score		NA	NA	NA	NA	NA
Enhanced outperformance cap	SOSI score		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.224
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.10 Responding to major trunk mains bursts

Purpose: This performance commitment incentivises the company to both reduce trunk main bursts and increase speed of response to trunk mains bursts that occur.

Benefits: Reducing the impact of trunks mains bursts reduces the number and duration of water supply interruptions.

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW11
Detailed definition of performance measure	The average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more, where the cause is identified as failure of a trunk main. The average number of minutes are as defined in PR19TMS_BW03 water supply interruptions but are only included for those interruptions where the cause is identified as failure of a trunk main ($\geq 18''$).
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Average lost time per customer in hours:minutes:seconds
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Time	NA	00:01:43	00:01:39	00:01:35	00:01:30	00:01:26
Enhanced underperformance collar	Time		NA	NA	NA	NA	NA
Standard underperformance collar	Time		NA	NA	NA	NA	NA
Underperformance deadband	Time		NA	NA	NA	NA	NA
Outperformance deadband	Time		NA	NA	NA	NA	NA
Standard outperformance cap	Time		NA	NA	NA	NA	NA
Enhanced outperformance cap	Time		NA	NA	NA	NA	NA

Incentive rates

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

1.2.11 Renewable energy produced

Purpose: This performance commitment incentivises the company to increase the amount of usable renewable energy (electricity, gas and heat) produced from its operations.

Benefits: Increasing renewable energy benefits the environment by reducing the company’s carbon footprint. It also increases the company’s resilience against power supply disruption, improves cost certainty and increases the efficiency of its existing renewable energy generation.

Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS03
Detailed definition of performance measure	<p>Gigawatt hours (GWh) of renewable energy produced from the company’s operational business.</p> <p>The company will increase the amount of renewable energy (electricity, heat and gas) produced from its operational business. Renewable energy comes from sources such as biofuel, biomass/biogas, geothermal, hydropower, solar energy, tidal power, heat and wind power.</p> <p>The definition is broader than the electricity generated from renewable sources. It includes other energy sources such as biogas exported to the national grid and heat put to productive use. The company will measure the gross and net output of each of its renewable generators using smart metering which meets the Elexon Code of Practice 4 (CoP4) industry standard which is in effect at the time of PR19 final determinations publication. The methodology for reporting all renewable energy generation is defined by the industry standard UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook published on 8 May 2019.</p>
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	<p>The company will report on the renewable energy produced annually, together with the calculations to convert the energy into gigawatt hours.</p> <p>The company will publish assurance by appropriately qualified external third party that:</p> <ul style="list-style-type: none"> • values included in calculations are from reliable sources; • where possible smart meters are implemented for each renewable generator that meet the Elexon Code of Practice 4 (CoP4) industry standard; and

Unique Reference	PR19TMS_EWS03
	<ul style="list-style-type: none"> • calculations reflect best practice.
Measurement unit and decimal places	Gigawatt hours (GWh) to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	10% wastewater network plus 90% bioresources
Frequency of reporting	Annual
Any other relevant information	<p>Renewable energy sources typically fall into one of the following: biofuel, biomass, geothermal, hydropower, solar energy, tidal power, wave power, renewable heat and wind power. Below are some examples of how the company will explore these opportunities:</p> <ul style="list-style-type: none"> • Biomass/Biogas – the company is exploring new technologies and processes to unlock more renewable energy from sludge treatment in the form of biogas. • Anaerobic digestion – the conventional process of choice for most of the industry, is efficient at producing biogas. Many of the company’s sludge treatment centres now use thermal hydrolysis and it is trialling pyrolysis to generate more biogas from sludge. If the biogas is produced to a sufficient quality it can also be exported to the grid or used as a road transport fuel. • Geothermal – the difference in temperature between the surface and soil underground can be explored as a renewable energy source using a heat pump, as an example. Sewage is also at a greater temperature than the ambient temperature and this could be explored as a renewable heat energy source. • Hydropower – the company’s sewers contain sewage moving either under gravity or under pressure from pumping. Some of this energy can be recovered using turbines as an example. Many large water trunk mains may offer the opportunity to recover hydropower. • Solar energy – the company will continue to explore further opportunities. • Tidal power – many operational sites are in the tidal reach of the Thames. Renewable energy could be produced from this source.

Unique Reference	PR19TMS_EWS03
	<ul style="list-style-type: none"> • Wind power – the company will continue to explore further opportunities. <p>The company commits to produce energy from a variety of renewable energy sources such as those listed above.</p> <p>The renewable energy that is produced will be converted and expressed as a standard unit of gigawatt hours (GWh).</p>
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Gigawatt hours	NA	493	501	510	512	517
Enhanced underperformance collar	Gigawatt hours		NA	NA	NA	NA	NA
Standard underperformance collar	Gigawatt hours		453	461	468	471	475
Underperformance deadband	Gigawatt hours		NA	NA	NA	NA	NA
Outperformance deadband	Gigawatt hours		NA	NA	NA	NA	NA
Standard outperformance cap	Gigawatt hours		533	542	551	554	559
Enhanced outperformance cap	Gigawatt hours		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0806
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0806
Outperformance payment - enhanced	NA

1.2.12 Reducing risk of lead

Purpose: This performance commitment is designed to incentivise the company to reduce the levels of lead being consumed in tap water by its customers.

Benefits: This performance commitment reduces the risk posed to customers from lead in drinking water and provides further incentive for the company to comply with its statutory obligations.

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW10
Detailed definition of performance measure	This performance commitment is defined as the cumulative number of lead communication pipes replaced in the 2020-25 period.
Additional detail on measurement units	<p>This performance commitment includes replacements that will result from:</p> <ul style="list-style-type: none"> • customer requests for communication pipe replacements; • failed samples; • targeted replacements in 'hot-spots'; and • including those at primary schools and nurseries in London. <p>Replacement of lead pipes covers all activities, including pipes whose long-term lead health risk is removed through the use of innovative technologies developed in the future and approved by the Drinking Water Inspectorate. The new technology must be expected to provide at least the same benefits to customers considering all factors including potential risks regarding drinking water, reduced disruption to customers and potential impacts on service such as reduced capacity or pressure drops if the technology relies on relining pipes.</p>

Unique Reference	PR19TMS_BW10
Specific exclusions	Only lead pipes replaced within the above four categories are counted within the target. Lead pipes replaced by other synergistic work such as leakage are not counted under this programme. The performance commitment also excludes lead communication pipes replaced as part of other rehabilitation programmes.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	The cumulative number of lead communication pipes replaced annually, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	10,767	21,534	32,301	43,069	53,837
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		16,150	32,301	48,451	64,603	80,755
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000168
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000099
Outperformance payment - enhanced	NA

1.2.13 Properties at risk of receiving low pressure

Purpose: This performance commitment is designed to incentivise the company to reduce the number of customers that experience their water supply having a low pressure.

Benefits: This performance commitment reduces the number of customers suffering from poor or no water supply due to low pressure.

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW07
Detailed definition of performance measure	The number of properties receiving, or at risk of receiving, pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance. Low pressure reference level is defined in the reporting guidance published 11 December, 2017 'Properties at risk of receiving low pressure': https://www.ofwat.gov.uk/publication/properties-at-risk-of-receiving-low-pressure/
Additional detail on measurement units	The reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	2% water resources 98% water network plus
Frequency of reporting	Annual

Unique Reference	PR19TMS_BW07
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	34	34	34	34	34
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00103
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.14 Proactive customer engagement

Purpose: This performance commitment incentivises the company to proactively track the number of proactive customer engagement interactions it makes through a number of initiatives.

Benefits: This performance commitment improves the company's ability to address potential external factors like climate change and population growth through more engaged customers.

Performance commitment definition and parameters

Unique Reference	PR19TMS_AWS02
Detailed definition of performance measure	<p>This performance commitment will report the number of proactive customer contacts.</p> <p>The measure is calculated as the total number of the following in the reporting year:</p> <ul style="list-style-type: none"> • households who receive a smarter home visit; • business premises receiving a smarter business visit; • households which actively participate in the Greenredeem scheme; • schools receiving a water audit; • customers receiving a customer visit as a result of abnormal water usage patterns; and • lead communication pipes replaced, including contact with the customer on the potential health impacts of lead customer owned pipes and plumbing.
Additional detail on measurement units	<p>The company will also calculate a net promoter score (NPS) from feedback from customers following the proactive customer contact, separately for each subset of activity</p> <p>The NPS score is based on customers' answers as to how likely they would be to recommend a company or product to friends or colleagues, on a scale of 1 to 10.</p> <p>The score is calculated as the proportion of consumers that answer 9 or 10 (promoters) less the proportion that answers between 0 and 6 (detractors). Responses of 7 and 8 are labelled passives, and their behaviour falls between Promoters and Detractors and are not included in the calculation.</p> <p>The calculation is: $(\% \text{ Promoters} - \% \text{ Detractors}) \times 100 = \text{NPS score}$. This gives a score within a range of -100 to +100.</p>
Specific exclusions	None
Reporting and assurance	The company will report each of the sub-measures separately for transparency as well as the Net Promoter Score (NPS) and provide assurance each year from an

Unique Reference	PR19TMS_AWS02
	<p>appropriately qualified external third party on the calculation of the NPS for this measure.</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. This will include the relative success of different activity types and approaches. The company should also consider other ways to share learning with other companies and wider stakeholders.</p>
Measurement unit and decimal places	Number of contacts to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	80,000	160,000	240,000	320,000	400,000
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	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

1.2.15 Power resilience

Purpose: This performance commitment is designed to incentivise the company to deliver investment to continue to work if there are power failures.

Benefits: Protecting assets against power failures reduces the risk of service failures such as water supply interruptions or incidents of sewer flooding and pollution.

Performance commitment definition and parameters

Unique Reference	PR19TMS_DWS01
Detailed definition of performance measure	The cumulative number of key power dependent sites that are made resilient to power disturbances or interruptions over three hours from the distribution network operators from 1 April 2020 to 31 March 2025.
Additional detail on measurement units	<p>The key power dependent sites in this performance commitment include:</p> <ul style="list-style-type: none"> • water and sewage treatment works; • water booster stations and sewerage pumping stations with greater than 500kW installed power; and • water booster stations without standby generation and with greater than 200 directly fed properties. <p>The 47 sites are:</p> <ul style="list-style-type: none"> • Fobney WTW • Kempton WTW • Chigwell WBS • Ealing Res and WBS • Haileybury Res and WBS • Netley Mill WTW • Putney Res and WBS • Woodcote WBS • Bishopstone WBS • Brookfield Lane (Cheshunt) WBS • Farningham Hill Res and WBS • Harts Hill WBS • Hayes WBS • Mill End Road (High Wycombe) WBS • Rollright WBS • Southgate WBS • Terrace Garden Booster • Upper Salughter WBS • Upshire (Waltham Abbey) WBS • Wormley WBS • Arden Estate Booster • Chipping Norton Res and WBS

Unique Reference	PR19TMS_DWS01
	<ul style="list-style-type: none"> • Highbury Fields WBS • Raynes Park WBS • Shipton- Under-Wychwood WBS • West Wickham Res • Albury Boreholes • Farnborough Res and Booster • Lane End WTW • Wansunt WTW • Wilmington WTW • Earl SPS • Falconsbrook Storm SPS • Greenwich SPS & Storm SPS • Hammersmith Storm SPS • Isle of Dogs SWPS • Shad Thames Storm SPS • Tidal Basin, Canning Town SWPS • Heathwall SPS • Lots Road SPS • Wandle Valley SPS • Swindon Nine Elms SPS • Abbeywood Terminal SPS • Juniper Hill SPS • Rowden Road Beckenham SPS • West Hyde SPS • Western Deep SPS
Specific exclusions	None
Reporting and assurance	<p>At the next price review the company will publish assurance by an appropriately qualified external third party confirms that:</p> <ul style="list-style-type: none"> • each site completed will continue to operate if there are power disturbances or interruptions over three hours from the distribution network; and • any sites forecast to be completed have clear deliverable plans to completed before 31 March 2025 and that the plans will deliver resilience to operate if there are power disturbances or interruptions over three hours from the distribution network.
Measurement unit and decimal places	Number of sites to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment only for 2024-25.
Timing of underperformance and	End of period

Unique Reference	PR19TMS_DWS01
outperformance payments	
Price control allocation	67% water network plus 33% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	9	18	27	36	47
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.2371
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.16 Natural capital accounting

Purpose: This performance commitment incentivises the company to better understand the current condition of the environment that it owns, or can influence, and the impact of its interventions.

Benefits: This performance commitment helps the company to better understand the value of natural capital within the environment that it operates, enabling more informed investment decisions.

Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS04
Detailed definition of performance measure	Percentage of the company's landholdings, as a percentage of total appointed business landholdings, where natural capital stocks are assessed and reported publicly at 31 March each year. The company will measure and report the amount of natural capital it has at its sites. Natural capital may include stocks of species, ecological communities, soils, freshwaters, land and minerals.
Additional detail on measurement units	The measure is based on the area (not number or value) of landholdings.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19TMS_EWS04
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	While not part of the numeric target component of this performance commitment, the company will also assess its natural capital impacts and dependencies on the wider environment and use natural capital information to consider and assess investment options where appropriate. The company anticipates this leading to environment-based solutions to solve the challenges it faces.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	20.0	40.0	60.0	80.0	100.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.17 Households on the Thames Water social tariff

Purpose: This performance commitment incentivises the company to provide the social tariff to more customers.

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_ER03
Detailed definition of performance measure	The number of households on the company's new enhanced tiered social tariff at the end of the financial year, billed directly and indirectly. This includes all discount bands within the new social tariff (including the bandings for 25%, 50% or 75% reductions) and customers who have not yet been transferred to the new scheme but receive reduced tariffs from pre-existing legacy schemes such as Watersure+.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of households to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	108,000	137,000	165,000	184,000	200,000
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	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

1.2.18 Readiness to receive tunnel flow at Beckton STW

Purpose: This performance commitment incentivises the company to ensure that it is ready to receive flows from the Thames Tideway Tunnel (TTT) at Beckton sewage treatment works (STW) by the System Commissioning Commencement Date (SCCD) as set out in the Integrated Mitigated Project Master Programme (Tideway PMP). This date is currently 17 October 2022 but it could change over time.

Benefits: This performance commitment helps to improve the resilience of the London sewerage system by incentivising the company to deliver key upgrades to the Beckton inlet works in time for the SCCD.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ET01
<p>Detailed definition of performance measure</p>	<p>The performance commitment is defined as the delivery of the capital works associated with the inlet works under solution reference S29184 in the PR19 capital programme, which is part of the upgrade to the Beckton sewage treatment works (STW). Every full month of delay beyond the SCCD will result in underperformance payments.</p> <p>The scheme has been designed in outline during the 2015-20 period and is due for detailed design after the company's PR19 final determination. The exact scope to be delivered, therefore, is still evolving as detailed design has not yet been completed so the achievement of the performance commitment is based upon the completion of the scheme, as will be confirmed and agreed through detailed design and construction. The indicative outline design scope is shown below.</p> <p>The scope of this capital project includes a number of elements at Beckton STW. The current indicative scope (from outline design) includes:</p> <ul style="list-style-type: none"> • 2 new grit lanes and associated grit removal equipment, along with 2 new 50 mm 1D trash screens installed upstream; • 8 new 15 - 20 mm 1D bar screens installed downstream of the trash screens and upstream of the grit channels (6 existing and 2 new channels); • new duty/standby trash and screenings transfer belt or screw conveyors, screenings compactors and skip compactors for the 50 mm 1D trash screens; • new duty/standby screenings transfer screw conveyors, screenings compactors and skip compactors for the 15 – 20 mm bar screens;

Unique Reference	PR19TMS_ET01
	<ul style="list-style-type: none"> • new grit removal, handling and washing plant along with associated equipment; • new standby generation; • clear accumulated grit and debris from intermediate northern outfall sewer (NOS) barrels; and • modify existing control philosophy to allow all available plant to operate to minimise the hydraulic impact on the NOS, minimise deposition of solids and potentially reduce peak solids loading during first flush scenarios.
Additional detail on measurement units	<p>Number of full months after the SCCD with the first month running from the day after the SCCD. Based on the current SCCD, the first month will run from 18 October to 17 November and so on for each subsequent month that delivery of scheme S29184 is incomplete.</p> <p>For the purposes of this performance commitment, "delivery" shall be defined as the date of the Benefits Fulfilled (BenF) form, which forms part of the project completion document suite within the company's standard workflow process. This approach will ensure that the scheme is deemed complete (i.e. benefits start to be generated) even if formal takeover is delayed by minor operational issues or the closure of any residual construction snags. The 'BenF' form is dated and signed by the relevant approvers and hence forms an auditable basis of measurement of scheme delivery.</p> <p>The outcome that will be part of BenF sign off will be the provision of sufficient assets such that, during out of service scenarios, the inlet works operate in accordance with the company's asset standards and good operating practice.</p>
Specific exclusions	<p>The Tideway programme is on track to deliver to regulatory dates, with tunnel construction completed and commissioning started by 17 October 2022. In the event of tunnel construction being delayed it would not be in customers' interests to deliver the inlet modifications ahead of these being required. In these circumstances the company would not qualify for underperformance payments against the 17 October 2022 date. Instead, if delays in construction result in a change in the SCCD, the revised SCCD will be the relevant date for calculating underperformance payments.</p>
Reporting and assurance	<p>This measure will be reported in the Annual Performance Report (APR).</p> <p>The company will also report on a regular basis actual and forecast performance on this performance commitment to the Liaison Committee.</p>

Unique Reference	PR19TMS_ET01
Measurement unit and decimal places	Number of full months after the SCCD, with the first month running from the day after the SCCD. Zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% Thames Tideway Tunnel
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	Interface Agreement: https://www.tideway.london/media/1840/interface-agreement.pdf Liaison Agreement: https://www.tideway.london/media/1841/liaison-agreement.pdf

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0966
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.19 Effective stakeholder engagement

Purpose: This performance commitment incentivises the company to ensure that it is effectively engaging with senior stakeholders on the Thames Tideway Tunnel (TTT) project.

Benefits: This performance commitment improves how the company accounts for the views and interests of senior stakeholders as the TTT project proceeds.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ET02
<p>Detailed definition of performance measure</p>	<p>This average score of responses to the survey question “Overall as a senior member of your organisation and key stakeholder in the TTT project, how well would you say Thames Water has ‘engaged’ with your organisation so far, using the following scale”:</p> <ul style="list-style-type: none"> • 6 – extremely well; • 5 – very well; • 4 – quite well; • 3 – quite poorly; • 2 – very poorly; or • 1 – extremely poorly. <p>The performance commitment is to ensure that the company performs well on stakeholder engagement on the TTT project. The main objective of this engagement is to gain regular and impartial understanding and monitoring of key stakeholders’ views on the company’s performance and interaction on the TTT project.</p> <p>The surveys will be carried out by an appropriately qualified external third party stakeholder research company. The stakeholders are:</p> <ul style="list-style-type: none"> • Bazalgette Tunnel Limited (Tideway); • the Environment Agency; • the Department for Environment, Food and Rural Affairs; • the Independent Technical Assessor (ITA); and • the Consumer Council for Water (CCWater). <p>Ofwat does not participate as it is a recipient of the research.</p> <p>The surveys are carried out annually, using a standard methodology. The performance commitment level assumes a continuation of the same methodology and scoring framework as used for surveys in the 2015-20 period.</p> <p>If the Liaison Committee agree that the survey methodology should be updated or amended during the 2020-2025 period, then the equivalent score from the new</p>

Unique Reference	PR19TMS_ET02
	methodology will apply. Any calculations will be subject to agreement by the Liaison Committee based on robust justification and clear evidence. The company will report individual questions scoring below 4.0 to the Liaison Committee for discussion.
Additional detail on measurement units	The score attained is a simple average of scores from interviewees.
Specific exclusions	None
Reporting and assurance	When reported, the company will include previous survey results.
Measurement unit and decimal places	Score 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
Frequency of reporting	Annual
Any other relevant information	The equivalent performance commitment for the 2015-20 period was 'Engage effectively with IP and other stakeholders'.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Score	NA	5.0	5.0	5.0	5.0	5.0
Enhanced underperformance collar	Score		NA	NA	NA	NA	NA
Standard underperformance collar	Score		NA	NA	NA	NA	NA
Underperformance deadband	Score		NA	NA	NA	NA	NA
Outperformance deadband	Score		NA	NA	NA	NA	NA
Standard outperformance cap	Score		NA	NA	NA	NA	NA
Enhanced outperformance cap	Score		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

1.2.20 Critical asset readiness for the London Tideway Tunnels (LTT)

Purpose: This performance commitment incentivises the company to complete necessary enabling works in advance of the System Commissioning Commencement Date (SCCD) as set out in the Integrated Mitigated Project Master Programme (Tideway PMP). The SCCD is currently 17 October 2022, but could change over time. This ensures critical assets are sufficiently ready for commencement of system operation for the London Tideway Tunnels.

Benefits: This performance commitment protects end customers from bearing the cost of significant delays to the Thames Tideway Tunnel project.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ET04
<p>Detailed definition of performance measure</p>	<p>Number of full months, in the reporting year, that readiness is reported as ‘insufficient readiness’, after the SCCD.</p> <p>This performance commitment incentivises the company to ensure enabling works are completed and critical assets are sufficiently ready in advance of the SCCD. Every full month of delay beyond the SCCD will result in underperformance payments.</p> <p>‘Sufficient readiness’ means that the company will:</p> <ol style="list-style-type: none"> 1. Complete and deliver against an Integrated Operating Plan, setting out how it will operate the London Tideway Tunnel assets in a timely, coordinated and integrated manner, and in compliance with relevant environmental permits, consents and the London Tideway Tunnels Operating Techniques. 2. Demonstrate to stakeholders that critical assets are ready to operate in compliance with the London Tideway Tunnels Operating Techniques and support timely system commissioning. This will be achieved through advanced preparation of critical assets reporting aligned with the Tideway Project Master Programme, the System Commissioning Plan and readiness for the system commissioning commencement. This involves the following critical assets (some of which are in the company’s wider wastewater network): <ul style="list-style-type: none"> • Operational resilience of Beckton sewage treatment works (STW) to treat sustained peak flow for extended periods – for the avoidance of doubt, this excludes the inlet works dealt with in performance commitment ET01; • Reliable operation of Beckton STW Tideway sewage pumping station (SPS);

Unique Reference	PR19TMS_ET04
	<ul style="list-style-type: none"> • Reliable and accessible flow data from Abbey Mills SPS to Beckton STW; • Reliable and accessible level and flow data from Greenwich SPS to Crossness STW; • Reliable flow control at Abbey Mills SPS; • Reliable flow control at Greenwich SPS; • Certified Commissioning Ready Tideway Tunnel to Beckton STW Flow Transfer System; • Certified Commissioning Ready Tideway Storm Bypass Tunnel; • Certified Commissioning Ready Tideway combined sewer overflow (CSO) Overflow Shaft; • Reliable operation of key SPSs with an interface to TTT that are considered critical to the adequate functioning of the London sewerage system.
Additional detail on measurement units	<p>Number of full months after SCCD up to 12 months. The first month will run from the day after SCCD. Based on the current SCCD, the first month will run from 18 October to 17 November and so on for each subsequent month that the critical assets are classed as 'insufficient readiness', subject to a maximum underperformance payments based on 12 months of delay. The company will report 0 for the 2022-23 report year if the critical assets are classed as 'insufficient readiness' on 17 November, but all have sufficient readiness on 18 November. However, if there is insufficient readiness on 18 November the company will report 1 month (or more).</p> <p>For each full month after 17 October 2022, critical assets can be classed as either 'sufficient readiness' or 'insufficient readiness'.</p>
Specific exclusions	<p>If delays in construction result in a change in the SCCD (currently 17 October 2022) underperformance payments will be calculated against the revised SCCD. Underperformance payments will not apply after 12 months of delays after the SCCD.</p>
Reporting and assurance	<p>Readiness will be reported in line with the Joint Approach to Handover and Acceptance as agreed between the company and Tideway in April 2019, and in line with the Interface Agreement. This will be supported by external audit.</p>
Measurement unit and decimal places	<p>Number of full months to zero decimal places</p>
Measurement timing	<p>Reporting year</p>
Incentive form	<p>Revenue</p>

Unique Reference	PR19TMS_ET04
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% wastewater network plus 50% Thames Tideway Tunnel
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	Interface Agreement: https://www.tideway.london/media/1840/interface-agreement.pdf Liaison Agreement: https://www.tideway.london/media/1841/liaison-agreement.pdf

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-6.259
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.21 Establish an effective system operator for the London Tideway Tunnels

Purpose: This performance commitment incentivises the company to establish the System Operator (SO) capability six months ahead of the System Commissioning Commencement Date (SCCD) as set out in the Integrated Mitigated Project Master Programme (Tideway PMP), currently 17 October 2022. This ensures operational readiness required to operate the London Tideway Tunnels to limit combined sewer overflow (CSO) discharges to the tidal Thames.

Benefits: This performance commitment improves the ability of the company to limit CSO discharges to the tidal Thames. It ensures that the appropriate investment is made towards the organisational design, asset management, monitoring, systems and capability development to deliver the London Tideway Tunnels Operating Techniques (LTTOT). The LTTOT is the set of operational rules that will govern the operation of the London Tideway Tunnels.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ET05
Detailed definition of performance measure	<p>Percentage completion of the development of the organisational design and of the systems and capability required to deliver the London Tideway Tunnels Operating Techniques (LTTOT).</p> <p>This performance commitment includes the development of the management system and associated operational team for the LTTOT by 31 March 2022, on the current SCCD of 17 October 2022. If the SCCD changes, the date of 31 March 2022 will also change to a date 6 months before the revised SCCD.</p> <p>The following key enablers will need to have been delivered or substantially progressed in order to secure the achievement of this performance commitment:</p> <p>System set-up and procedures:</p> <ul style="list-style-type: none"> • Development of written documents required for Tideway’s System Commissioning Plan; • Development of the management system for O&M of the London Tideway Tunnels system; • Plan for engagement with the EA on the Operating Techniques and securing any further required Environmental Permits for CSOs; • Asset management plans including criticality analysis. <p>Organisational readiness:</p> <ul style="list-style-type: none"> • Establishment of the system operator team for the London Tideway Tunnels.

Unique Reference	PR19TMS_ET05
	<p>Organisational design confirmed and recruitment progressed to support training prior to System Commissioning Commencement.</p> <p>The benchmark for this organisational capability and capacity shall be defined by a management system that can be externally assessed as progressing towards certification under a suitable international standard for an appropriate management system (such as ISO14001 or similar).</p>
Additional detail on measurement units	<p>The unit of measurement for the achievement of this performance commitment is the percentage completion of the overall capability and capacity of the organisation required for delivery of the LTTOT.</p> <p>This is derived from an assessment of the system operator management system against a suitable international standard (eg ISO14001) and confirmation through external audit that the system is developing towards a certifiable standard and that the agreed training plan has been implemented.</p> <p>The target for this performance commitment is twofold:</p> <ul style="list-style-type: none"> • the development of a management system (including the written System Commissioning Plan for the London Tideway Tunnels) that can be externally assured (via audit) and shown to be progressing towards certification under a suitable international standard for an appropriate management system (such as ISO14001 or similar) by 31 March 2022 (or such other date six months before a revised SCCD); and • clear evidence of the implementation of the agreed training plan by 31 March 2022 (or such other date, six months before a revised SCCD). <p>This is to be assessed through independent audit of the system operator, against the chosen management system’s procedures, processes, capability and team capacity.</p>
Specific exclusions	<p>If delays in construction result in a change to the SCCD (currently 17 October 2022), the target date will be six months before the revised SCCD.</p>
Reporting and assurance	<p>Performance against this performance commitment will be reported each year in the company’s annual performance report, setting out whether the company is on track to meet this performance commitment. In addition, an annual report on whether it is on track to meet this performance commitment must be provided to the Liaison Committee.</p> <p>If the management system fails to achieve the required level of maturity by the target date the company must</p>

Unique Reference	PR19TMS_ET05
	report to Ofwat monthly until the required level is achieved and that report must be subject to external review.
Measurement unit and decimal places	Percentage completion to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	The Tideway Integration Group (TIG) and the system operator, which has been in place since April 2018, are still working up the details of the activity, governance and systems that they will need to operationalise the LTTOT.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0	100	100	100	100
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.22 Maximising the value of Tideway project land sales

Purpose: This performance commitment measures the net profit or loss made on the sale of land related to the Thames Tideway Tunnel (Project Land).

Benefits: This performance commitment provides transparency and seeks to incentivise the company to increase the financial benefit for customers from disposals of Project Land.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ET06
<p>Detailed definition of performance measure</p>	<p>This performance measures the total net profit or loss made on the actual sale of any of the 12 plots related to the Thames Tideway Tunnel project that are scheduled to be sold in the 2020-25 period.</p> <p>This is the difference between the baseline value and sale value (or net proceeds) of each plot subject to adjustments defined below.</p> <p>The surplus land acquired to date and scheduled for disposal in the 2020-25 period is as follows:</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
<p>Additional detail on measurement units</p>	<p>The net profit or loss per plot is:</p> $net\ profit\ or\ loss = net\ proceeds - baseline\ value$ <p>where:</p> <ul style="list-style-type: none"> net proceeds = the proceeds from the sale of the relevant plot after adjusting for the costs, receipts and savings reasonably attributable to or connected with the relevant disposal which shall include associated costs related to the Project Land, such as compensation and

Unique Reference	PR19TMS_ET06
	<p>mitigation costs, to the extent that such costs, receipts and savings were not previously allowed for when a Relevant Determination was made. This is line with paragraph 4.1 of condition T of the company's licence.</p> <ul style="list-style-type: none"> • baseline value = as defined below. <p>The baseline value for each plot is:</p> $\text{baseline value} = (P * A)$ <p>where:</p> <ul style="list-style-type: none"> • P = the percentage of land that is sold. This is the £m value of the land that is sold divided by the £m value of the land that is sold plus the £m value of the land that is not sold. • A = the acquisition price paid by the company when acquiring the plot (in £m). <p>The company will report its performance as the sum of the net profit or loss of all plots sold in that year. No adjustment is made for inflation within this performance commitment.</p>
Specific exclusions	Any sites not included in the 12 plots scheduled to be sold in the 2020-25 period.
Reporting and assurance	<p>Ofwat and Thames Water have an agreed strategy for acquisitions and disposals of project land that sets out the process for engagement and reporting to Ofwat. Those processes will continue. In addition, the processes and requirements set out in Condition K apply to all land sales over the threshold set out in that condition.</p> <p>Independent external assurance will be provided by the company to Ofwat for each plot sold in the relevant reporting year to confirm the percentage of land sold is a fair reflection of the split between the land sold and the land retained relative to the acquisition price paid by the company – it should not necessarily be a proportion of land area unless that fairly reflects the relative value of land that is sold or retained. This is reflected in the baseline value calculation set out above as 'P'.</p> <p>In addition, Ofwat may require independent external assurance in respect of any plot in order to confirm that Thames Water took appropriate steps to maximise customer value.</p>
Measurement unit and decimal places	£m to one decimal place

Unique Reference	PR19TMS_ET06
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	The company is required under Condition K of its licence to secure best price for land disposals where the relevant threshold is met. In addition, we will take account of the efficiency of the company's land disposals programme and the overall impact on customer value and may make an adjustment at PR24.
Links to relevant external documents	NA

Performance commitment levels

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

1.2.23 Managing early handback of Tideway project land

Purpose: This performance commitment incentivises the company to be ready to take back land related to the Thames Tideway Tunnel project (Project Land) from Bazalgette Tunnel Limited ('Tideway') in order to avoid project delays or cost overruns that would negatively impact customers.

Benefits: This performance commitment seeks to avoid project delays or cost overruns that would negatively impact customers.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ET07
<p>Detailed definition of performance measure</p>	<p>This performance commitment measures the number of months early that the company receives land back from Tideway once necessary works related to the Thames Tideway Tunnel have been completed.</p> <p>This performance commitment is aligned to the Joint Approach to Handover and System Acceptance (the 'Joint Approach') agreed between Thames Water and Tideway in April 2019, which divides 21 sites into 90 handback areas. We have included the list of relevant handback areas as an annex to this document.</p> <p>It has been agreed that the target date for handback of each of the handback areas will be three full months after that area has been certified as being ready for handback. The actual target date will, in all cases, be three full months after certification, whenever certification occurs.</p> <p>Outperformance payments will apply based on the number of full months before the target date that the land is received by the company. The company will have one full month after the target date before underperformance payments apply. Underperformance payments will therefore apply based on the number of full months after one full month after the target date that the land is received by the company.</p>
<p>Additional detail on measurement units</p>	<p>During the 2020-25 period each handback area will have a target date that is three months after the Project Manager has certified that it is ready to be handed back. In line with the Joint Approach, the target date will be reforecast and revised quarterly, which means that the certification and target dates for each handback area may change.</p> <p>This performance commitment is measured by the net total number of full months before the target date for each handback area that the company accepts the land. This means that the company will report the total number of months before the target date for each handback area that</p>

Unique Reference	PR19TMS_ET07
	<p>the company receives the land less the total number of months after one month after the target date for each handback area that the company receives the land.</p> <p>On this basis, performance commitment levels can be negative.</p> <p>When calculating outperformance or underperformance payments, all handback areas are treated equally apart from the three sites that make up Chambers Wharf. These three handback areas will be worth three handback areas each. This is to reflect their size relative to other handback areas.</p> <p>When calculating the number of full months for each handback area, full months are to be used. For example if the certification date is 15 April, the target date will be 15 July and the point at which underperformance payments could apply would be from 15 August.</p>
Specific exclusions	None
Reporting and assurance	While outperformance and underperformance payments are calculated on an aggregate basis each year, the company will report on a per handback area basis in its annual performance report.
Measurement unit and decimal places	Number of months to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% Thames Tideway Tunnel
Frequency of reporting	Annual
Any other relevant information	<p>The Joint Approach to Handover and System Acceptance was agreed between Thames Water and Tideway in April 2019. It sets out the accelerated land handback strategy and agreed processes to deliver early handback and so reduce overall and individual organisational project risk in the interests of customers. This performance commitment aligns with the handback dates for each handback area set out in the Joint Approach, which are reforecast and revised quarterly.</p> <p>Changes to each handback area's certification date and as a result target date are decided by the Project Manager</p>

Unique Reference	PR19TMS_ET07
	and governed by the Integrated Mitigated Project Master Programme.
Links to relevant external documents	NA

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment – standard	-0.02
Underperformance payment – enhanced	NA
Outperformance payment – standard	0.02
Outperformance payment – enhanced	NA

1.2.24 Environmental measures delivered

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

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

Performance commitment definition and parameters

Unique Reference	PR19TMS_ES02
<p>Detailed definition of performance measure</p>	<p>Cumulative number of ‘green’ WINEP schemes completed since 1 April 2020.</p> <p>This metric will measure compliance with the requirements of the WINEP and is limited to the schemes with ‘green’ status as at 1 April 2019. The company’s investment can be broadly divided into eight main categories:</p> <ul style="list-style-type: none"> • Wastewater treatment works upgrades – Investment to enhance wastewater treatment to improve or protect the quality of the receiving waterbody; • Monitoring and investigation schemes – Investment to understand better how the company’s operational activities may impact on the environment and how these could be improved to reduce this impact. • Conservation schemes – Investment to meet specific conservation measures to reduce the company’s impact on protected sites or biodiversity. • Investigations into emerging risks – Investment to understand emerging risks facing the water industry such as microplastics and antimicrobial resistance or to understand if abstractions are having a negative impact on ecology; • Catchment management activities – Investment to manage pesticides, nitrates and herbicides in surface and groundwaters through catchment activities; • Alleviating low flows – Investment to investigate or undertake work to alleviate the impacts that the company’s abstractions have on low flows; • Reducing environmental impact of river structures – Investment to improve fish passage in waterbodies through work on the company’s assets where they have been proven to be a blocker; and

Unique Reference	PR19TMS_ES02
	<ul style="list-style-type: none"> Addressing invasive non-native species (INNS) – Investment to investigate and implement measures reduce the risk of INNS associated with the company’s activities. <p>The full list of included schemes and relevant WINEP driver codes is provided in https://www.ofwat.gov.uk/publication/pr19-winep-programme-annual-update-for-2019/</p>
Additional detail on measurement units	The number of relevant WINEP schemes that the Environment Agency agrees are complete each year.
Specific exclusions	<p>This performance commitment excludes schemes that were uncertain on 1 April 2019 “amber schemes”.</p> <p>The WINEP also lists the Thames Tideway Tunnel as an environmental measure, for delivery in the 2020-25 period. However achieving that output is not part of this performance commitment as it forms part of the Thames Tideway Tunnel price control.</p> <p>The measure also excludes three non-WINEP schemes under section 101A of the Water Industry Act 1991.</p>
Reporting and assurance	The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.
Measurement unit and decimal places	Number of WINEP schemes completed each year to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments only for 2024-25
Timing of underperformance and outperformance payments	In-period
Price control allocation	86.92% wastewater network plus 2.44% water network plus 10.64% water resources
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	180	446	534	595	757
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0513
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.25 Enhancing biodiversity

Purpose: This performance commitment incentivises the company to improve biodiversity at its sites.

Benefits: This performance commitment increases the variety of plant and animal life at the company's sites.

Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS01
Detailed definition of performance measure	The cumulative net gain in biodiversity units at the company's 253 sites of biodiversity interest (SBIs) plus any net change from additional land where specific biodiversity offsetting measures have been implemented from 1 April 2020. The calculation of biodiversity units is set out in the Defra Biodiversity Metric v1.0
Additional detail on measurement units	Biodiversity is measured in biodiversity units as defined in the Defra Offsetting Metric v1.0 and the net gain is determined by measuring the change in biodiversity units.
Specific exclusions	None
Reporting and assurance	At the next price review the company will publish assurance by an appropriately qualified external third party that <ul style="list-style-type: none"> any additional sites have been appropriately selected in accordance with the Defra Offsetting Metric v1.0; and the calculation of biodiversity units at each of the 253 sites, plus any additional sites, is in accordance with the Defra Offsetting Metric v1.0.
Measurement unit and decimal places	Biodiversity units to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments only for 2024-25
Timing of underperformance and outperformance payments	End of period
Price control allocation	8% water resources 30% water network plus

Unique Reference	PR19TMS_EWS01
	58% wastewater network plus 4% bioresources
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	491	982	1,473	1,964	2,455
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	4,167
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000027
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000024
Outperformance payment - enhanced	NA

1.2.26 Empty household properties ('void properties')

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

Benefits: This performance reduces the number of void properties, which are occupied but not billed, leading to fairer charges between customers and lower bills for customers already being billed.

Performance commitment definition and parameters

Unique Reference	PR19TMS_ER02
Detailed definition of performance measure	<p>The number of household properties classified as void as a percentage of the total number of household properties served by the company.</p> <p>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.</p>
Additional detail on measurement units	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.
Specific exclusions	<p>Excludes non-household properties. Properties that are not billed as it is uneconomical to do so are not counted.</p> <p>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.</p>
Reporting and assurance	No specific requirements

Unique Reference	PR19TMS_ER02
Measurement unit and decimal places	Percentage of household properties classed as void, to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	3.66	3.50	3.33	3.17	3.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		4.16	4.00	3.83	3.67	3.52
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		3.16	3.00	2.83	2.67	2.50
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-7.710
Underperformance payment - enhanced	NA
Outperformance payment - standard	7.710
Outperformance payment - enhanced	NA

1.2.27 Empty business properties

Purpose: This performance commitment is designed to incentivise the company to reduce the number of non-household void properties by passing on information to the responsible business retailer.

Benefits: This performance commitment reduces the number of non-household void properties, which are occupied but not billed, resulting in fairer charges between customers and lower bills for customers already paying.

Performance commitment definition and parameters

Unique Reference	PR19TMS_EWS08
Detailed definition of performance measure	This is the number of non-household properties recorded as void which the company identifies as occupied and which are subsequently billed. The information on location and evidence of occupancy is then passed on to the retailer in order that they challenge occupancy status and bring the property into billing.
Additional detail on measurement units	Total number of non-household voids identified and reported to the retailer as occupied and subsequently billed A property will only be recorded if it was void for at least 6 months and subsequently billed for at least 6 months. Properties should only be counted if it is billed as a result of the notification. If there is reason to believe the property is likely to have been billed without the company notifying the retailer it should not be recorded.
Specific exclusions	None
Reporting and assurance	The company will provide external third party assurance that: <ul style="list-style-type: none"> • all properties were void for at least six months before notification; and • are billed for at least six month after notification.
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments

Unique Reference	PR19TMS_EWS08
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water network plus 50% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	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.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	0	0	0	0	0
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		4,814	4,814	4,814	4,814	4,814
Enhanced outperformance cap	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	0.000114
Outperformance payment - enhanced	NA

1.2.28 Clearance of blockages

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

Benefits: A reduced negative impact on customers from blocked sewers, especially sewer flooding events.

Performance commitment definition and parameters

Unique Reference	PR19TMS_CS04
Detailed definition of performance measure	<p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) in a reporting year.</p> <p>A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour.</p> <p>The full definition can be found in the sewer blockages reporting guidance published 11th December, 2017: https://www.ofwat.gov.uk/publication/sewer-blockages/</p> <p>The company will not include proactively cleaned silt or other blockages that are removed which are not reported to it by customers or stakeholders and have no customer impact.</p> <p>The company will include blockages that are as a result of third party interference.</p>
Additional detail on measurement units	None
Specific exclusions	See detailed definition for a full list of exclusions.
Reporting and assurance	No specific requirements

Unique Reference	PR19TMS_CS04
Measurement unit and decimal places	Number of sewer blockages to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	72,500	70,000	67,500	65,000	62,500
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		108,750	108,750	108,750	108,750	108,750
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		66,288	63,788	61,288	58,788	56,288
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.001403
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000703
Outperformance payment - enhanced	NA

1.2.29 BSI standard for fair, flexible and inclusive services

Purpose: This performance commitment incentivises the company to meet a quality of support for customers in vulnerable circumstances in line with the British Standards Institution (BSI) inclusive service provision.

Benefits: Meeting the BSI standard will help ensure that the company provides a fair, flexible service that can be used by all customers equally, regardless of their health, age or personal circumstances.

Performance commitment definition and parameters

Unique Reference	PR19TMS_AR07
<p>Detailed definition of performance measure</p>	<p>This measure assesses the quality of the company’s Priority Services Register scheme via the British Standard for Inclusive Service Provision certification BS 18477.</p> <p>To meet this performance commitment, the company must achieve the BS 18477 standard by 2020-21 and maintain it for the rest of the period 2021-25.</p> <p>If this certification from BSI is not in place on 31 March of the reporting year, the performance commitment has not been met.</p> <p>The performance commitment applies each reporting year, and demonstration that the certification is in place must be tested and reported each reporting year. The BS 18477 certification is awarded by the BSI Group (also known as the British Standards Institution).</p> <p>In the event that BSI Group cease providing certification for BS 18477 during the period 2020-25, the company should adopt any standard designed to directly succeed the existing standard. If one is not available, it will assess whether there exists other appropriate standards that can be used as an alternative independently assessed indicator of the quality of support for customers in vulnerable circumstances.</p>
<p>Additional detail on measurement units</p>	<p>This measure is reported as Achieved or Not achieved for 2020-21, and Maintained or Not maintained for 2021-22 to 2024-25.</p>
<p>Specific exclusions</p>	<p>None</p>
<p>Reporting and assurance</p>	<p>No specific requirements</p>

Unique Reference	PR19TMS_AR07
Measurement unit and decimal places	Text (achieved or not achieved, or maintained or not maintained)
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	text	NA	Achieved	Maintained	Maintained	Maintained	Maintained
Enhanced underperformance collar	text		NA	NA	NA	NA	NA
Standard underperformance collar	text		NA	NA	NA	NA	NA
Underperformance deadband	text		NA	NA	NA	NA	NA
Outperformance deadband	text		NA	NA	NA	NA	NA
Standard outperformance cap	text		NA	NA	NA	NA	NA
Enhanced outperformance cap	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

1.2.30 Acceptability of water to consumers

Purpose: To reduce water quality contacts relating to appearance, taste and odour, and illness.

Benefits: This performance commitment improves the acceptability of drinking water to consumers by incentivising the company to reduce the number of customer contacts it receives in relation to the appearance, taste and odour, and illness.

Performance commitment definition and parameters

Unique Reference	PR19TMS_BW08
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, or consumer reporting illness due to drinking water, reported per 1,000 population. Calculation is the number of contacts for appearance plus all taste/odour contacts and illness multiplied by 1,000 divided by the resident population as supplied to the Drinking Water Inspectorate (DWI).
Additional detail on measurement units	The consumer contact classification guidance is defined by the DWI in <i>Information Letter 1/2006</i> , 6 January 2006: https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/ Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance, taste and odour, and illness will be included in this measure.
Specific exclusions	See guidance above for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance, and taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts per 1,000 population, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	1% water resources 99% water network plus

Unique Reference	PR19TMS_BW08
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0.60	0.60	0.60	0.60	0.60
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.975
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.31 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	PR19TMS_EW01
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 five sites for AIM for the period 2020-25:</p> <ul style="list-style-type: none"> • River Lee at New Gauge Pumping Station: The trigger threshold for this site is 60.0 m³/s and it has a baseline of 89.6 MI/day • Pangbourne: The trigger threshold for this site is 1.0 Cubic meters per second (m³/s) and it has a baseline of 31.6 Megalitres per day (MI/d) • Axford Pumping Station: The trigger threshold for this site is 166.0 m³/s and it has a baseline of 7.9 MI/d • Pann Mill Pumping Station: The trigger threshold for this site is 5.6 m³/s and it has a baseline of 11.4 MI/d • North Orpington Pumping Station: The trigger threshold for this site is 11.4 m³/s and it has a baseline of 7.2 MI/d

Unique Reference	PR19TMS_EW01
	<p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published in 2016:</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</p>
Additional detail on measurement units	<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>
Specific exclusions	As defined in the reporting guidance
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Megalitres to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In period
Price control allocation	100% water resources
Frequency of reporting	Annual
Any other relevant information	None

Unique Reference	PR19TMS_EW01
Links to relevant external documents	None

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000007
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000006
Outperformance payment - enhanced	NA

1.2.32 Percentage of satisfied vulnerable customers

Purpose: To ensure that the company’s customers that are registered for the Priority Services Register (PSR) are satisfied with the services they receive through the PSR.

Benefits: Customers in vulnerable circumstances will received appropriate quality support from the company.

Performance commitment definition and parameters

Unique Reference	PR19TMS_AR05
Detailed definition of performance measure	<p>This performance commitment will measure how satisfied vulnerable customers on the company’s PSR are with the services they receive.</p> <p>The performance will be measured annually using a survey, which will include a single question that asks customers to rate their satisfaction with the services they receive through the PSR. Customers will be given a choice of five answers,</p> <ul style="list-style-type: none"> • very satisfied, • satisfied • neither satisfied nor dissatisfied • unsatisfied • very unsatisfied <p>and those who respond that they are “very satisfied” or “satisfied” will be counted toward the total.</p> <p>The survey will use a sample of representative percentages of customers aligned to the vulnerability needs codes as of the end of the previous financial year.</p> <p>The survey should be planned and carried out following social research best practice, for example any sections of a relevant code such as that published by the Market Research Society. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment.</p>
Additional detail on measurement units	NA
Specific exclusions	NA
Reporting and assurance	No specific requirements

Unique Reference	PR19TMS_AR05
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	91	91	91	91	91
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.33 Installing new smart meters in London

Purpose: This performance commitment incentivises the company to increase the number of smart water meters that are installed at customer properties.

Benefits: Smart meters reduce the cost of meter readings and allow for more regular readings to be taken. This improves the quality of data for the customer to better control their use, and the company to optimise its actions in response to effectively manage demand.

Performance commitment definition and parameters

Unique Reference	PR19TMS_M01
<p>Detailed definition of performance measure</p>	<p>Cumulative number of new smart meters installed in the London water resources zone (WRZ) from 1 April 2020. We define new smart meters in this performance commitment as new meter installations that use Advanced metering infrastructure (AMI) technology that enables them to be read remotely through an integrated system of smart meters, communications networks, and data management systems. This system will comply with the company’s obligations under competition law and have the capability to:</p> <ul style="list-style-type: none"> • Record consumption data and comply with the appropriate regulations governing cold water meters. • Allow ready access to this data by customers (directly or via contractors/agents) and the company at near real time, with data updated daily at a minimum, and made available at a minimum granularity of 1 hour intervals, or such greater frequency and/or granularity as reasonably requested by the customer or its contractors/agents. • Enable the capability for automated leak alarms to be communicated to the customer and company. • Transfer consumption data to the company remotely without requiring access to the meter or property. • Communicate with the internet. <p>We define existing meters as meters that were installed in the Thames Water network prior to 1 April 2020 without smart meter capability.</p>

Unique Reference	PR19TMS_M01
Additional detail on measurement units	<p>The performance commitment measures the total number of smart meters installed annually for the following categories of meters defined by the company:</p> <ul style="list-style-type: none"> • meter installed at a property that previously paid unmetered charges. This includes residential customers that have opted for a meter or where the company has selectively installed a meter); and • small bulk meters, that provide additional benefit to meters already installed – ie not replacements of bulk meters. <p>The total performance commitment levels relate to the installation of smart meters on existing connections only.</p>
Specific exclusions	<p>This performance commitment only applies to residential customers' meters and excludes business customers' meters.</p> <p>A smart meter can only be counted once in the five year period for a property. For example, if a smart meter fails within the five years and is replaced, it cannot be recounted towards this performance commitment.</p> <p>This performance commitment excludes the installation of new smart meters for new connections.</p> <p>This performance commitment excludes the replacement of existing basic meters with smart meters, which is covered in the company's performance commitment PR19TMS_M02.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of smart meters to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment that only applies for 2024-25
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	80,000	160,000	240,000	320,000	399,749
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000037
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.34 Replacing existing meters with smart meters in London

Purpose: This performance commitment incentivises the company to increase the number of basic water meters replaced by smart water meters at customer properties.

Benefits: Smart meters reduce the cost of meter readings and allow for more regular readings to be taken. This improves the quality of data for the customer to better control their use, and the company to optimise its actions in response to effectively manage demand.

Performance commitment definition and parameters

Unique Reference	PR19TMS_M02
<p>Detailed definition of performance measure</p>	<p>Cumulative number of existing installed meters replaced with smart meters per reporting year in the London water resources zone (WRZ) from 1 April 2020.</p> <p>We define replacement smart meters in this performance commitment as replacement meter installations that use Advanced metering infrastructure (AMI) technology that enables them to be read remotely through an integrated system of smart meters, communications networks, and data management systems. This system will comply with the company’s obligations under competition law and have the capability to:</p> <ul style="list-style-type: none"> • Record consumption data and comply with the appropriate regulations governing cold water meters. • Allow ready access to this data by customers (directly or via contractors/agents) and the company at near real time, with data updated daily at a minimum, and made available at a minimum granularity of 1 hour intervals, or such greater frequency and/or granularity as reasonably requested by the customer or its contractors/agents. • Enable the capability for automated leak alarms to be communicated to the customer and company. • Transfer consumption data to the company remotely without requiring access to the meter or property. • Communicate with the internet.

Unique Reference	PR19TMS_M02
	We define existing meters as meters that were installed in the Thames Water network prior to 1 April 2020 without smart meter capability.
Additional detail on measurement units	Number of installed existing basic meters replaced annually for smart meters.
Specific exclusions	This performance commitment only applies to residential customers' meters and excludes business customers' meters. A smart meter can only be counted once in the five year period for a property. For example, if a smart meter fails within the five years and is replaced, it cannot be recounted towards this performance commitment.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of smart meters to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment only for 2024-25
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	26,000	52,000	78,000	104,000	130,000
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000018
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.35 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	PR19TMS_NEP01
Detailed definition of performance measure	<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>
Additional detail on measurement units	<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 31st March 2021 and the schemes which have been delivered by this date.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
Measurement unit and decimal places	Text stating either “met” or “not met”.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and	NA

Unique Reference	PR19TMS_NEP01
outperformance payments	
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

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

1.2.36 Drainage and wastewater management plans (DWMPs)

Purpose: This performance commitment is designed to incentivise companies to develop voluntary drainage and wastewater management plans.

Benefits: A plan that identifies how the company will extend, improve and maintain a robust and resilient drainage and wastewater system in light of facing the pressures of climate change, population growth and growing customer expectations. Publication of these plans will improve the sharing of learning on DWMPs development.

Performance commitment definition and parameters

Unique Reference	PR19WSX_DWMP
Detailed definition of performance measure	<p>The cumulative percentage of catchments in which Thames Water operates, the company implements the Level 1 water company DWMP in accordance with the guideline: A framework for the production of Drainage and Wastewater Management Plans, published September 2018 and updated May 2019.</p> <p>The percentage will be calculated as a simple average of the catchments that are completed according to the guidelines and published divided by the total number of catchments and expressed as a percentage.</p> <p>Level 1 planning aims to provide a strategic, long-term plan for drainage and wastewater resilience and associated investment over the plan period. Level 1 planning ties the Level 3 and Level 2 plans together resulting in :</p> <ul style="list-style-type: none"> • the baseline planning objectives, • an assessment of risks and vulnerability of the drainage and wastewater systems, • the actions proposed to mitigate those risks, and:

Unique Reference	PR19WSX_DWMP
	<ul style="list-style-type: none"> • the investments necessary to deliver the outcomes identified. <p>Partnership working and collaborative planning involving the relevant stakeholders is one of the key elements of developing DWMPs.</p>
Additional detail on measurement units	<p>The reporting of DWMPs is expected to include the following:</p> <ul style="list-style-type: none"> - a customer-facing document - a non-technical summary - a technical summary - the plan - technical appendices <p>The company shall publish DWMPs on its website.</p>
Specific exclusions	None
Reporting and assurance	The company will submit its DWMP reporting documents in full to Environment Agency, Defra and Ofwat for review before December 31 2022.
Measurement unit and decimal places	The cumulative percentage of catchments in which the company implements the Level 1 water company DWMP, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0	0	100	100	100
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		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

1.2.37 Understanding the risk of flooding and level of resilience within the Counters Creek catchment

Purpose: This performance commitment incentivises the company to better understand the risk of flooding and level of resilience within the Counters Creek catchment.

Benefits: An improved understanding of the risk of flooding and level of resilience will lead to more effective future interventions to reduce flood risk and improve resilience.

Performance commitment definition and parameters

Unique Reference	PR19TMS_CC
<p>Detailed definition of performance measure</p>	<p>Performance on this measure will be “Met” or “Fail” and will be measured at the end of the 2023–2024 reporting year. There are two elements to this measure:</p> <ul style="list-style-type: none"> • by no later than the end of July 2023, the company must deliver a fully assured report, for the Counters Creek catchment (the Report), which sets out its understanding of the risk in the catchment and outlines its long-term strategy for alleviating flooding in the area; and • the company must report annually, via its annual performance report, on how it is managing its network to ensure long-term resilience and reduce flood risk for customers, and how it is progressively developing its understanding of flood risk in the catchment. <p>If the company is not able to deliver these two elements, the performance commitment will be marked as, “Fail”.</p> <p>The Report must detail how the company will manage long-term flood alleviation in the catchment. It must outline the current risks as well as the long-term strategy for the area. It must demonstrate how the company has developed a sufficient level of understanding of the risk of flooding and level of resilience within the Counters Creek catchment to provide confidence in its proposals. It is expected that the company will undertake a holistic approach, giving due consideration to the full spectrum of risks, maintenance activities and potential solutions available to deliver long-term customer value.</p>

Unique Reference	PR19TMS_CC
<p>Additional detail on measurement units</p>	<p>Wider considerations and developments, including flips, creep, population growth should be considered. However, it is expected that to demonstrate a sufficient level of understanding, the company will undertake further model improvement work and information gathering that may include, although not be limited to, the following:</p> <ul style="list-style-type: none"> • A general improvement in the depth, scale and quality of information available to the company, making use of information from both its own datasets as well as from third party stakeholders and organisations. • Further model build and verification work, applying industry best practice throughout, to improve its understanding of the risk of flooding in the Counters Creek catchment as a whole and in localised flooding areas. It is considered likely that this would include an improved understanding of both localised as well as more strategic catchment wide flooding mechanisms, following guidance from the CIWEM UDG (2017) Code of Practice for the Hydraulic Modelling of Urban Drainage Systems (COP) or successors as well as other guidance where required. • Consideration of the risk of flooding from rainfall across a widespread area, both within and external to, the Counters Creek catchment. It is expected this would demonstrate understanding of how rainfall of different event types across a widespread area impacts upon the effectual drainage of and flooding within the Counters Creek catchment. Best practice should be applied in line with the CIWEM UDG (2016) Rainfall Guide or successor or recognised equivalent, to assist any further verification, within the Counters Creek catchment and surrounding regions, where necessary. • A sufficient level of understanding in regards to the interaction of the company’s drainage assets with Lead Local Flooding Authority (LLFA) and third party assets, where relevant, in relation to flood prevention in the Counters Creek catchment. • A sufficient level of understanding of historic flooding within the Counters Creek catchment and how the company will ensure it has processes in place to allow it to investigate and understand future flooding incidents when they occur. This applies to flooding incidents, whether reported to the LLFA, Thames Water and/or any other body. It is expected the company will pursue a co-operative approach working with and sharing knowledge with stakeholders as

Unique Reference	PR19TMS_CC
	<p>required by Section 13 of the Flood and Water Management Act (2010).</p> <ul style="list-style-type: none"> • The inclusion in the model of basements and domestic connections at key flooding locations, to a Type III level of detail, as per the COP, where necessary, to predict the onset of flooding at property level. • Sufficient understanding and representation within the model of any variable control strategies within the catchment - in particular, any new interactions, such as those presented by the Thames Tideway Tunnel (TTT). In regards to the TTT, there should be a sufficient level of understanding regarding how the current system (and any future changes to that system) will interact with the TTT and what impacts it may have, if any, upon resilience and flood risk within the Counters Creek Catchment. • Assessment of the impact tide/river levels and groundwater / infiltration have upon the effectual drainage and flooding within the Counters Creek catchment to ensure a network resilient to these risks. • A full understanding of where flood prevention within the catchment is highly dependent upon the operation of pumps and/or other assets. • A sufficient understanding of predicted flooding and flows in the extremities of, and external to, the Counters Creek catchment so that any transfer of flows or risk from outside the Counters Creek catchment to within the Counters Creek catchment are fully understood. • A sufficient level of understanding and confidence regarding operational issues and how factors like silt are likely to influence the risk of flooding within the network. • A sufficient level of understanding regarding legacy flap valves or other control devices within the network and the impact they are having, or may have, on flooding. • Emerging risks. <p>The limitations of any resultant model should be clearly stated. In particular it should be stated, at headline level, the conditions under which the model cannot be used with confidence to provide a sufficient level of understanding regarding the risk of flooding in the Counters Creek catchment.</p>
Specific exclusions	None
Reporting and assurance	

Unique Reference	PR19TMS_CC
	<p>The company will publish a full report no later than July 2023, which sets out its understanding of the risk in the catchment and outlines its long-term strategy for alleviating flooding in the area. It will outline how it has developed its understanding of risk. This report will be assured by an appropriately qualified third party and any verification or model update work undertaken will be appropriately audited.</p> <p>In addition, the company will report annually as part of its Annual Performance Report (APR) how it is managing its network to ensure long-term resilience and reduce flood risk for customers, and how it is progressively developing its understanding of flood risk in the catchment.</p>
Measurement unit and decimal places	Text stating either “met” or “not met”.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

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

Annex 1: Key performance commitments for Thames Water

Details of the key performance commitments that we present in Table 1.2 of ‘PR19 final determinations: Thames 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"> 30% reduction in pollution incidents by 2024-25* 	$\frac{(19.5 - 28)nr/10000km}{28nr/10000km} \times 100 = -30\%$
<ul style="list-style-type: none"> 36% reduction in internal sewer flooding incidents by 2024-25* 	$\frac{(1.34 - 2.08) incidents/10000connections}{2.08 incidents/10000connections} \times 100 = -36\%$
<ul style="list-style-type: none"> 53% reduction in water supply interruptions by 2024-25* 	$\frac{5min - 10min35sec}{10min35sec} \times 100 = -53\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 9.3% increase in renewable energy produced from the company’s operational business by 2024-25 	$\frac{(517 - 473)GW/h}{473GW/h} \times 100 = +9.3\%$
<ul style="list-style-type: none"> 65 hectares of surface area disconnected from the combined sewer system or attenuated through sustainable drainage systems by 2024-25 	<p><i>This figure has not been calculated. This is the total number of hectares of area disconnected from the combined sewer system in the 2020-25 period as specified in the relevant performance commitment.</i></p>

<ul style="list-style-type: none">• 2.5% increase in the average annual availability of pumps in network catchment sewage pumping stations from 96% in 2020-21 to 98.5% in 2024-25. (Equivalent to a 62.5% reduction in the average annual unavailability of pumps)	$98.5\% - 96.0\% = +2.5\%$
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*September 2018 submission data is used to calculate these values.

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

Introduction

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

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

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

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

PR19 performance commitments

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

Because such third parties may decide to make changes to their materials, in general we are setting PC definitions based on the versions of those materials which are in effect at the date of our PR19 final determination¹, 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.

¹ 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.

In addition for Thames Water, we may reset relevant performance commitments and/or outcome delivery incentives during this period in relation to its water network as part of the gated process set out in the Thames Water - Cost efficiency additional information appendix.

We make two conditional allowances relating to water supply infrastructure in London. We allow £180 million to investigate risks to resilience and the mitigation of risk to water supplies in North East London. Further we are stepping in to make an allowance of up to £300 million to improve the performance of the London water network. These two allowances are to ensure Thames Water develops proposals to effectively mitigate risk and significantly improve asset health and service resilience. Both are conditional on Thames Water delivering an agreed scope of work through a gated process.

Thames Water will face greater scrutiny on these allowances than would normally be the case. We will return the allowance to customers unless Thames Water provides a clear and well thought through plan. We expect Thames Water to demonstrate that it understands the challenges facing its network and to produce a well thought-through plan in a defined time frame with clear and measurable deliverables. The plan should identify and commit to new performance standards that capture likely benefits to performance from any planned work.

Where potential benefits flow from the London water network improvement enhancement allowance and impact on performance commitments set in this final determination, potentially making the performance commitment levels or outcome delivery incentive outperformance payments easier to achieve, we will consider resetting those levels or incentives. This is to reflect the level of stretch and outperformance payment in line with our intention in our final determination. We will consider this and reset as necessary as part of the gated process.

[Redacted]

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[Redacted]

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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