

December 2019

PR19 final determinations

**United Utilities – Outcomes performance
commitment appendix**

PR19 final documentation: United Utilities - Outcomes performance commitments appendix

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

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

The appendix provides the following information on each performance commitment:

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

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

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

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

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

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

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

1.1 Common performance commitments

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

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

1.1.1 Water Quality Compliance (CRI)

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

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

Performance commitment definition and parameters

Unique Reference	PR19UU_A01-CF
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	10% water resources 90% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the

Unique Reference	PR19UU_A01-CF
	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	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	0.00	0.00	0.00	0.00	0.00
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		9.50	9.50	9.50	9.50	9.50
Underperformance deadband	Number		2.00	2.00	2.00	2.00	2.00
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	-1.125
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	PR19UU_ B03-WN
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</p> <p>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>

Unique Reference	PR19UU_ B03-WN
	<p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p> <p>Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.</p>
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

		Company forecast	Committed performance level				
	Unit	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		00:03:30	00:03:21	00:03:11	00:03:02	00:02:54
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.936
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.936
Outperformance payment - enhanced	NA

Calculation example:

Out and underperformance payments are calculated by multiplying the incentive rate by decimal minutes, so for example 1 minute 30 seconds becomes 1.5 times the incentive rate or 1 hour 1 minute 15 seconds becomes 61.25 times the incentive rate.

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	PR19UU_B01-WN
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 2019-20. For PR14 performance</p>

Unique Reference	PR19UU_B01-WN
	<p>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	0.8	1.9	3.7	6.6	10.8
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-5.0	-5.0	-5.0	-5.0	-5.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		-2.5	-5.1	-8.9	-13.2	-17.2
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment - standard	-0.175
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.146
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	PR19UU_B05-WN
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	PR19UU_B05-WN
	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	1.3	2.6	3.9	5.1	6.3
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.396
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.330
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	PR19UU_B02-WN
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

Unique Reference	PR19UU_B02-WN
	repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.
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	119.9	118.2	116.6	114.9	113.3
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		167.9	167.9	167.9	167.9	167.9
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		89.9	88.3	86.6	84.9	83.3
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.235
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.132
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	PR19UU_B04-CF
Detailed definition of performance measure	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, updated on 4 April 2019</p> <p>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 (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
Additional detail on measurement units	See reporting guidance for additional detail.
Specific exclusions	As defined in the reporting guidance
Reporting and assurance	The company should report its current company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
Measurement unit and decimal places	Percentage of peak week production capacity reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19UU_B04-CF
Incentive type	Underperformance payment
Timing of underperformance and outperformance payments	In-period
Price control allocation	95% water network plus 5% 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	3.56	3.26	2.95	2.65	2.34
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		7.13	7.13	7.13	7.13	7.13
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	-2.703
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	PR19UU_ B06-CF
Detailed definition of performance measure	<p>The drought resilience metric 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: Deployable output (supply) = DO Outage allowance (unavailable supply) = OA Dry year demand = DD</p>

Unique Reference	PR19UU_ B06-CF
	Target headroom (uncertainty) = TH The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of a water resource zone) by the total number of customers served by the company.
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	0.0	0.0	0.0	0.0	0.0
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

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ D03-HH
<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>

Unique Reference	PR19UU_ D03-HH
	<p>Total households – Total number of households served (recorded on 31 March)</p> <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>PSR data checking: 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

Unique Reference	PR19UU_ D03-HH
Frequency of reporting	Annual
Any other relevant information	NA
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: Reach	%	NA	4.0	4.8	5.5	6.3	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	PR19UU_ G02-WWN
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 2018</p> <p>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>

Unique Reference	PR19UU_ G02-WWN
	<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 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		2.75	3.00	3.40	3.60	4.00
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		1.48	1.42	1.36	1.25	1.16
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-6.751
Underperformance payment - enhanced	NA
Outperformance payment - standard	6.751
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	PR19UU_ C01-WWN
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 wastewater network reported to two decimal places.
Measurement timing	Calendar 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

Unique Reference	PR19UU_ C01-WWN
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	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

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	24.50	23.70	23.00	22.40	19.50
Enhanced underperformance collar	number		98.00	98.00	98.00	98.00	98.00
Standard underperformance collar	number		41.60	41.60	41.60	41.60	41.60
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		11.83	11.46	11.11	10.82	9.42
Enhanced outperformance cap	£		*	*	*	*	*

* For each performance commitment with an enhanced ODI, we will apply a cap (in £) in each year on enhanced outperformance payments (ie payments for performance above the enhanced threshold) equal to 1% of either water or wastewater regulated equity (as relevant) in that year. Water regulated equity refers to the subset of appointee regulated equity which is linked to either the water network plus or water resources price controls, whilst wastewater regulated equity refers to the subset of appointee equity which is linked to either the wastewater network plus or bioresources price controls.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.912
Underperformance payment - enhanced	-1.520
Outperformance payment - standard	0.760
Outperformance payment - enhanced	1.520

1.1.11 Risk of sewer flooding in a storm

Purpose: This performance commitment is designed to incentivise companies to reduce the number of properties at risk of flooding in a storm. The PC is also designed to encourage companies to develop a better understanding of flood risks within their regions through improved quality and coverage of models.

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	PR19UU_ G01-WWN
Detailed definition of performance measure	<p>The performance commitment risk of sewer flooding in a storm is defined in the reporting guidance – risk of sewer flooding in a storm, published on 4 April 2019: 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>

Unique Reference	PR19UU_ G01-WWN
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
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	15.44	15.33	15.22	15.12	15.02
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	PR19UU_ F01-WWN
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

Unique Reference	PR19UU_ F01-WWN
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

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	15.51	14.90	14.29	13.68	13.07
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	-0.311
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
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	PR19UU_C02-CF
Detailed definition of performance measure	<p>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.</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</p> <p>The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.</p>
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.

Unique Reference	PR19UU_ C02-CF
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
Price control allocation	6% water network plus 94% 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 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
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	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	-1.525
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	PR19UUW_D01-HH
<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	PR19UW_D01-HH
	<p data-bbox="528 327 826 360">Standard payments</p> <p data-bbox="528 409 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="528 701 799 734"><i>if score > median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p data-bbox="528 875 799 909"><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 1211 624 1245">where:</p> <ul data-bbox="560 1252 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 1648 991 1682">Higher performance payments</p> <p data-bbox="528 1731 1382 2004">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	PR19UUW_D01-HH
	<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	PR19UUW_D01-HH
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)	+6% if the company has the highest C-MeX score of companies passing the three gates

Incentive type	Incentive rate (% of annual allowed residential retail revenue)
	<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	PR19UUW_D02-CF
<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	PR19UUW_D02-CF
	<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	PR19UW_D02-CF
	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	PR19U UW_D02-CF
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 for innovation that can target their customers' values and concerns in the context of their specific circumstances.

1.2.1 Reducing water quality contacts due to taste, smell and appearance.

Purpose: This performance commitment incentivises the company to reduce water quality contacts relating to appearance, taste and odour.

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ A02-WN
Detailed definition of performance measure:	<p>The customer contact classification guidance is defined by the Drinking Water Inspectorate (DWI) as <i>Information Letter 1/2006</i>, 6 January 2006, at:</p> <p>https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/</p> <p>Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance and taste and odours will be included in this measure</p>
Additional detail on measurement units	<p>The number of times the company is contacted due to the taste and odour of drinking water, or due to drinking water not being clear, reported per 10,000 population.</p> <p>Calculation is the number of contacts for appearance of water plus all taste/odour contacts multiplied by 10,000 divided by the resident population.</p>
Specific exclusions:	See guidance above for a full list of exclusions.
Reporting and assurance:	The company is also required to report consumer contacts separately for appearance and taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of customer contacts per 10,000 population, reported to one decimal place.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	In-period

Unique Reference	PR19UU_ A02-WN
and outperformance payments	
Price control allocation	100% Water network plus
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	17.2	16.0	14.7	13.5	12.2
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		34.5	34.5	34.5	34.5	34.5
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		15.4	14.3	13.1	12.0	10.8
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-2.491
Underperformance payment - enhanced	NA
Outperformance payment - standard	2.076
Outperformance payment - enhanced	NA

1.2.2 Number of properties with lead risk reduced

Purpose: This performance commitment incentivises the company to reduce the amount of lead in drinking water.

Benefits: This performance commitment protects public health by encouraging the company to reduce the number of lead service pipes, reducing the amount of lead in drinking water.

Performance commitment definition and parameters

Unique Reference	PR19UU_ A03-WN
Detailed definition of performance measure	Number of properties with lead risk reduced is defined as: Number of qualifying complete lead service pipe replacements completed per year
Additional detail on measurement units	<p>This measure seeks to reduce the number of lead service pipes across the company's region and these replacements will include:</p> <ul style="list-style-type: none"> Any property that has a full service pipe replacement from the water main to the first incoming tap (the first tap inside a property that is supplied with water carried from the company's network via a supply pipe); Any property that has either its communication pipe or supply pipe replaced where the remainder of the service pipe is confirmed to already not be lead. The company will not include any replacements where the work is funded through the lead and/or common supply pipe replacement scheme (LCSP) as in these instances customers have paid for the work on the pipework that is within their ownership;

Unique Reference	PR19UU_ A03-WN
	<ul style="list-style-type: none"> 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>The number of replacements will be the total number of lead pipe replacements that meet the above criteria.</p>
Specific exclusions	There are no specific exclusions.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of lead service pipe replacements 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	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	500	800	750	750
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		0	0	0	0	0
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		0	3,600	3,500	3,500	3,500
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00112
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00112
Outperformance payment - enhanced	NA

1.2.3 Helping customers look after water in their home

Purpose: This performance commitment incentivise the company to deliver an education and support programme, to its customers focused on the use of water in the home.

Benefits: This performance commitment will increase customer awareness of the factors that can affect water quality and water efficiency in their home. This should lead to improved public health and reduced water demand.

Performance commitment definition and parameters

Unique Reference	PR19UU_ A04-WN
Detailed definition of performance measure	This measure monitors the increased awareness of customers to their impact on both water quality and water efficiency within their home, in terms of the percentage increase from the 2018 baseline.
Additional detail on measurement units	The baseline is based on a survey carried out in 2018. This will be repeated annually, using the same set of questions and drawing from a statistically representative sample of domestic customers (in terms of age, gender, region, metered/unmetered and urban/suburban) with a minimum sample of 1,000 customers. Performance in each year will be calculated as the percentage awareness from the annual survey less the percentage awareness from the 2018 baseline survey.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	% increase 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

Unique Reference	PR19UU_ A04-WN
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	2.0	4.0	6.0	8.0	10.0
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	-0.073
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.073
Outperformance payment - enhanced	NA

1.2.4 Reducing discolouration from the Vyrnwy treated water aqueduct

Purpose: This performance commitment is designed to reduce discolouration events in drinking water supplies by measuring the length of the Vyrnwy treated water aqueduct that has been cleaned or relined.

Benefits: This performance commitment will reduce the number of discolouration events experienced by customers and improve the quality and appearance of drinking water.

Performance commitment definition and parameters

Unique Reference	PR19UU_A05-WN
Detailed definition of performance measure	This measure records the length of the Vyrnwy aqueduct cleaned / relined, if required by the Drinking Water Inspectorate (DWI) to meet the target for reduction in water discolouration. Measured as the number of kilometres of the Vyrnwy treated water aqueduct cleaned / relined annually
Additional detail on measurement units	The company has not included any provision in its business plan for the potential scheme to clean/reline the Vyrnwy treated water aqueduct. Costs will be recovered, if the scheme is required, through an outcome delivery incentive linked to this performance commitment, based on a unit rate per kilometre.
Specific exclusion	There are no specific exclusions.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of kilometres of the Vyrnwy water aqueduct cleaned/relined and reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus

Unique Reference	PR19UU_A05-WN
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	Km	NA	0.00	0.00	0.00	0.00	0.00
Enhanced underperformance collar	Km		NA	NA	NA	NA	NA
Standard underperformance collar	Km		NA	NA	NA	NA	NA
Underperformance deadband	Km		NA	NA	NA	NA	NA
Outperformance deadband	Km		NA	NA	NA	NA	NA
Standard outperformance cap	Km		0.00	0.00	0.00	35.25	58.99
Enhanced outperformance cap	Km		NA	NA	NA	NA	NA

This assumes there is no requirement to undertake any cleaning/relining, so the commitment level is set at zero.

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.548
Outperformance payment - enhanced	NA

1.2.5 Reducing areas of low water 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	PR19UU_ B07-WN
Detailed definition of performance measure	<p>The number of properties receiving pressure below the guaranteed standard calculated. 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, divided by the number of connected properties in 10,000's.</p> $\text{Properties receiving low pressure} = \frac{(p1 - p2)}{\left(\frac{n}{10,000}\right)}$ <p>Where: $p1$ = total properties receiving water below standard $p2$ = total properties receiving low water pressure that are covered by allowable exclusions n = number of connected properties for water supply</p> <p>Low pressure reference level is defined in the reporting guidance published 11 December, 2017 'Properties at risk of receiving low pressure':</p>

Unique Reference	PR19UU_ B07-WN
	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 customers receiving low pressure/poor supply per 10,000 connected properties to three 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	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	0.76	0.72	0.67	0.62	0.58
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	-0.342
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.342
Outperformance payment - enhanced	NA

1.2.6 Water service resilience

Purpose: This performance commitment is designed to measure the company's ability to maintain a reliable supply now and in the future by reducing the potential risks of longer period supply interruptions.

Benefits: This performance commitment reduces the risk of longer-term water supply interruptions or of water quality issues, due to water main or water treatment works supply failures.

Performance commitment definition and parameters

Unique Reference	PR19UU_B08-WN
Detailed definition of performance measure	<p>The reduction in the number of customer water supply service days at risk of being lost as a result of long-term interruptions to water supply, or of water quality issues, due to water main or water treatment works supply failures.</p> <p>Performance is measured as a reduction against a baseline risk assessment for 31 March 2020, expressed in terms of an annual risk of customer water supply service days lost (customer service days lost or csd/yr) and it will monitor improvements that affect this risk against the baseline risk assessment for 2020. 'Water supply service day' is defined as the risk of a property losing a wholesome supply of water, due to a failure associated with either a trunk main or water treatment works failure.</p>
Additional detail on measurement units	<p>Risk of customer water supply service days lost is estimated using the company's risk model.</p> <p>The baseline risk assessment for 2020 includes those water treatment works that cannot be switched off for longer than five days and water mains where more than 4,000 customer properties could lose supply during a burst repair.</p> <p>The assessment of change in risk (csd/yr) is carried out annually and depends on the completed delivery of water service improvements that reduce the risk of long-term interruptions to water supply or of water quality issues. Any completed change that could affect the resulting risk is to be evidenced when reporting the performance against this measure.</p> <p>For water treatment works, company assesses the risk based on:</p> <ul style="list-style-type: none"> • The probability of an incident (such as flooding or loss of power supply) occurring and its potential duration • The probability of a service impact, if an incident occurs, taking into account our ability to mitigate the impact using supply from other works and water storage

Unique Reference	PR19UU_B08-WN
	<ul style="list-style-type: none"> • The number of customers potentially affected <p>For water mains, company assesses risk based on:</p> <ul style="list-style-type: none"> • The number of customers who could not be supplied by alternative routes if a trunk main fails • The likely duration of repair • The probability of the trunk main failing <p>Details of risk assessment methodology and calculation of the baseline risk position for water treatment works and water mains are provided in the document 'performance commitment technical document, chapter 5 supplementary document,' reference S3001 submitted in September 2018. The company will aim to use the same methodology and data each year and the resulting improvements will result from the company delivered water service improvements.</p>
Specific exclusions	There are no specific exclusions.
Reporting and assurance	The company must publish independent reports of the assessment audit of the baseline position and then further audits of assessment of any changes in the risk position claimed within the year for each year between 2020 and 2025. If changes are necessary to the methodology or underlying data, the reports will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.
Measurement unit and decimal places	Reduction in number of customer water supply service days at risk 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	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	382	764	1,145	1,526
Enhanced underperformance collar	Number	NA	NA	NA	NA	NA	NA
Standard underperformance collar	Number		0	0	0	0	0
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		0	1,023	2,046	3,068	4,089
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.003617
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.003617
Outperformance payment - enhanced	NA

1.2.7 Manchester and Pennine resilience

Purpose: This performance commitment measures the progress of United Utilities in implementing a direct procurement process to support the appointment of a competitively appointed provider to construct and finance the Manchester and Pennines resilience scheme.

Progress is measured against the satisfactory delivery of THREE key DPC control points. These are the **Strategic Outline Case**, the **Outline Business Case** and the **Full Business Case**. These need to be successfully delivered to allow the scheme to progress to the point where a competitively appointed provider can be appointed

Benefits: This performance commitment incentivises the timely and effective completion of the procurement process to deliver a scheme to improve resilience of treated water supplies to Manchester and Lancashire areas for over two million customers in these areas.

Customers benefit through the direct procurement for customer process as Manchester and Pennines resilience scheme is procured to deliver better customer value.

Performance commitment definition and parameters

Unique Reference	PR19UUW_B09-DP
<p>Detailed definition of performance measure</p>	<p>General: Delivery of Manchester and Pennines resilience scheme by way of Direct Procurement for Customers (DPC) is expected to deliver financial savings and promote innovation. Under this performance related mechanism United Utilities will have to pay an underperformance payment for delays in procuring Manchester and Pennines resilience scheme under direct procurement for customers</p> <p>The performance commitment measures successful and timely delivery of key DPC control points; the Strategic Outline Case submission, the Outline Business Case submission and the Full Business Case submission.</p> <p>The measure is reported as the number of control points delivered by the target date within each reporting year</p> <p>To manage the water supply resilience risks for Manchester and the Pennines, evidence shows that a major project is needed to replace tunnels which form part of one of the main aqueducts supplying the areas.</p>

Unique Reference	PR19UUW_B09-DP												
	United Utilities will make use of markets through a direct procurement process to maximise the value to customers of this project. This means that a competitively appointed provider will finance and manage the project, owning the assets for the duration of a contract. By doing this there is more opportunity for market forces to deliver the project efficiently												
Additional detail on measurement units	<p>The delivery points shall be as follows:</p> <table border="1" data-bbox="571 633 1505 1274"> <thead> <tr> <th data-bbox="571 633 855 763">Delivery Point</th> <th data-bbox="855 633 1123 763">Target Date</th> <th data-bbox="1123 633 1505 763">Weights of incentive</th> </tr> </thead> <tbody> <tr> <td data-bbox="571 763 855 936">Strategic Outline Case</td> <td data-bbox="855 763 1123 936">30 April 2020</td> <td data-bbox="1123 763 1505 936">33%</td> </tr> <tr> <td data-bbox="571 936 855 1108">Outline Business Case</td> <td data-bbox="855 936 1123 1108">1 May 2022</td> <td data-bbox="1123 936 1505 1108">33%</td> </tr> <tr> <td data-bbox="571 1108 855 1274">Full Business Case</td> <td data-bbox="855 1108 1123 1274">1 May 2023</td> <td data-bbox="1123 1108 1505 1274">33%</td> </tr> </tbody> </table> <p>United Utilities will only be able to claim completion of each control point following both (a) United Utilities having provided the appropriate document by the prescribed date, and (b) Ofwat subsequently agreeing that the submission is satisfactory.</p> <p>At Outline Business Case submission and Full Business Case submission stages, the procurement decision could recommend exit from direct procurement for customers. If this were to be the optimum output from the process, then this would still be considered a successful completion of the control point, provided that Ofwat agrees that direct procurement for customers-exit is an appropriate and reasonable conclusion at that control point. In that eventuality there would not be an underperformance payment in relation to any subsequent delivery point.</p> <p>The successful completion of each control point will be assessed against United Utilities meeting the specific date set out in the additional detail, section above</p>	Delivery Point	Target Date	Weights of incentive	Strategic Outline Case	30 April 2020	33%	Outline Business Case	1 May 2022	33%	Full Business Case	1 May 2023	33%
Delivery Point	Target Date	Weights of incentive											
Strategic Outline Case	30 April 2020	33%											
Outline Business Case	1 May 2022	33%											
Full Business Case	1 May 2023	33%											
Specific exclusions	None												

Unique Reference	PR19UUW_B09-DP
Reporting and assurance	No specific requirements
Measurement unit and decimal places	<p>The performance commitment measures, are the number of control points which were due to be delivered in that reporting year, which have been delivered on or before the target date.</p> <p>The measure will be reported to no decimal places.</p>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	<p>This performance commitment is designed to generate underperformance penalties as consequence of delays to the direct procurement process that are within the control of United Utilities (in this case, the submission of Manchester and Pennines resilience scheme Strategic Outline Case, the Outline Business Case and the Full Business Case).</p> <p>This underperformance is capped at £5.74m (2017/18, FYA CPIH prices)</p>
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	Control points delivered	NA	1 (Strategic Outline Case)	0	1 (Outline Business Case)	1 (Full Business Case)	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	-1.914
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.8 Keeping reservoirs resilient

Purpose: This performance commitment measures the reduction in risk of potential loss of life due to dam failure at the company’s reservoir sites.

Benefits: The investment will reduce the individual and societal risks presented by reservoir failures. It will help ensure that the company has resilient raw water supplies in the future.

Performance commitment definition and parameters

Unique Reference	PR19UU_ B10-WR
<p>Detailed definition of performance measure</p>	<p>This measure is the reduction in risk to the risk of individual dam failure to at least a tolerable level of risk as a result of the company’s risk reduction activities.</p> <p>What is unacceptable risk or what is a tolerable risk is defined by the Health and Safety Executive. A tolerable risk will reflect a lower than 1 in 10,000 annual probability of occurring. The company will proactively reduce risk through its Portfolio Risk Assessment methodology, which continually assesses the probability of failure at dams.</p> <p>The company will prioritise and deliver schemes to lower the risk of failure at dams, lowering the probability of their failure until the dams are no longer in either the Health and Safety Executive’s ‘unacceptable individual risk’ or ‘unacceptable societal risk’ category. It will primarily ensure that it addresses unacceptable risks to individuals first, followed by the unacceptable societal risks.</p>
<p>Additional detail on measurement units</p>	<p>The measure is expressed in risk reduction units and is the difference (the risk reduction benefit) between the pre-intervention risk level, and the risk level at the boundary of the “Tolerable” risk category as defined by the Health and Safety Executive. Risk is defined as:</p> <p style="text-align: center;"><i>Equivalent population exposed x probability of dam failure</i></p> <p>The equivalent population exposed is a weighted figure which primarily ensures that unacceptable risks to individuals are prioritized, followed by unacceptable societal risks.</p> <p>The cumulative risk reduction achieved by each project delivered in each year will be summed, and compared to the cumulative annual target.</p>

Unique Reference	PR19UU_ B10-WR
Specific exclusions	International best practice relating to dam safety risk assessment may change over time. The company may adapt its processes and methodologies as new techniques and tools for assessment become available. However reduction in risk achieved by changes in the Portfolio Risk Assessment methodology or any other changes in information about the dams does not count towards the measure. Only changes that are due to the company's physical actions can be taken into account in measuring performance.
Reporting and assurance	The company will appoint appropriately qualified third-parties to assure scheme delivery and reduction in risk due to works completed at each site.
Measurement unit and decimal places	Risk reduction units, reported to 5 decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance and outperformance payments based on performance in 2024-25 only.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water resources
Frequency of reporting	Annual
Any other relevant information	In the 2015-20 period the company measured its reservoir resilience performance as a 'risk reduction'; this was assessed as the difference between the probabilities of failure at a dam before, and after a risk reduction project. In the 2020-25 period the company has adjusted its measurement to be an assessment of risk reduction from improvements which reduce the risk of dam failure to tolerable levels, in order to make the measure more transparent.
Links to relevant external documents	The Health and Safety Executive guidance is contained in the document. Reducing risks: Protecting people, 2002, ISBN 0-7176-2151-0

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Nr	NA	0.00000	0.00000	0.04439	2.99149	7.99180
Enhanced underperformance collar	Nr		NA	NA	NA	NA	NA
Standard underperformance collar	Nr		NA	NA	NA	NA	NA
Underperformance deadband	Nr		NA	NA	NA	NA	NA
Outperformance deadband	Nr		NA	NA	NA	NA	NA
Standard outperformance cap	Nr		NA	NA	NA	NA	NA
Enhanced outperformance cap	Nr		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-3.2025
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	3.2025

1.2.9 Thirlmere transfer into West Cumbria (2020-25)

Purpose: This performance commitment monitors and incentivises the delivery of the Thirlmere transfer project which will allow water to be supplied from Thirlmere reservoir to customers in West Cumbria.

Benefits: This performance commitment protects customers from late delivery of the Thirlmere transfer scheme. This project will allow abstraction from Ennerdale Water to cease as soon as possible, thereby maintaining security of supply while meeting statutory environmental obligations.

Performance commitment definition and parameters

Unique Reference	PR19UU_ B11-WN
Detailed definition of performance measure	The percentage progress which is similar to “earned value” in project management, where completion of milestones is recognised as completing a proportion of the baseline project value. The measure tracks progress of the project through completion of project milestones as an indicator of earned value. The measure will monitor the delivery of the remaining milestones through the period 2020-25 and incentivise the company to deliver the benefits of the scheme as early as possible.
Additional detail on measurement units	<p>The performance is based on assumed end of 2015-20 progress but will be revised if progress is ahead or behind the forecast performance for 2019-20.</p> <p>The expected remaining milestones in 2020-2022 are: Service reservoirs complete 0.65% Water treatment works complete 0.65%</p> <p>If these milestones are delivered in 2019-20 they will be removed from this performance commitment. If other milestones set out in the 2015-20 performance commitment are not delivered by 2019-20 these will be added. The underperformance cap will be set equal to the 2019-20 performance and the performance level in 2020-21 adjusted.</p> <p>The 2021-22 performance commitment level (100% complete) will remain unchanged.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	As a percentage of project completion milestones based on earned value to zero decimal places.

Unique Reference	PR19UU_ B11-WN
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	%	NA	99	100	100	100	100
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		99	100	100	100	100
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		100	100	100	100	100
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-2.34
Underperformance payment - enhanced	NA
Outperformance payment - standard	1.17
Outperformance payment - enhanced	NA

1.2.10 Abstraction incentive mechanism

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 avoiding abstracting water from them during lower levels or flows.

Performance commitment definition and parameters

Unique Reference	PR19UU_ C03-WR
<p>Detailed definition of performance measure</p>	<p>The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts.</p> <p>The company has included two sites for AIM for the period 2020-25:</p> <p>Old Water: This site has a baseline of 9.1 MI/day and the trigger is set at Q95 (the flow which is exceeded 95% of the time) of the Environment Agency’s Hynam Bridge gauging station daily average flow data set for 28 July 1995 to 31 March 2017</p> <p>Ennerdale: This site has a baseline of 80.0 MI/day and the trigger is based on the upper band compensation release required in the impoundment licence, abstraction from this site will cease in 2022</p> <p>The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published in 2016: https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf</p>
<p>Additional detail on measurement units</p>	<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 this is then multiplied by the length of the period when flows are at or below the trigger threshold.</p>

Unique Reference	PR19UU_ C03-WR
	<p>AIM performance in MI = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold.</p> <p>For example, if the AIM baseline was 5 MI/day and if the company abstracts an average of 4 MI/day from the abstraction site when river flows are below the trigger threshold. If flows were below the threshold for 100 days then the company has improved its performance relative to the baseline by (4 MI/day minus 5 MI/day)*100 days = -100 MI. A negative number signifies an improved performance as average abstraction is less than the baseline.</p>
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
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 Old Water	Megalitre	NA	0.0	0.0	0.0	0.0	0.0
Performance commitment level Ennerdale	Megalitre	NA	0.0	0.0	NA	NA	NA
Enhanced underperformance collar	Megalitre		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitre		NA	NA	NA	NA	NA
Underperformance deadband	Megalitre		NA	NA	NA	NA	NA
Outperformance deadband	Megalitre		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitre		NA	NA	NA	NA	NA
Enhanced outperformance cap	Megalitre		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment – standard (Old Water)	-0.00080
Underperformance payment – standard (Ennerdale)	-0.00036
Underperformance payment - enhanced	NA
Outperformance payment – standard (Old Water)	0.00078
Outperformance payment – standard (Ennerdale)	0.00036
Outperformance payment - enhanced	NA

1.2.11 Improving the water environment

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

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

Performance commitment definition and parameters

Unique Reference	PR19UU_C04-WR
Detailed definition of performance measure	This performance commitment measures the net number of days early that the company's WINEP water resources schemes are delivered. This will be calculated by catchment and assessed annually. Prior to the start of the 2020-25 period, the company will agree its programme of environmental improvement schemes with the Environment Agency, and these schemes will be published in the Environment Agency's Water Industry National Environment Programme (WINEP), along with a planned schedule. The scope of this performance commitment will be limited to schemes under the FBG (fisheries, biodiversity and groundwater) and WR (water resources) and WQ (Water Quality) functions on the WINEP with the below drivers:

Unique Reference	PR19UU_C04-WR
	<ul style="list-style-type: none"> • DrWPA_INV (drinking water protected area investigations) • DrWPA_ND (drinking water protected area no deterioration) • EE_IMP (Eels schemes) • HD_IMP (Habitats Directive schemes) • HD_INV (Habitats Directive schemes) • INNS_INV (investigation invasive non native species) • INNS_ND (investigation invasive non native species) • NERC_INV1 (investigations related to NERC Act) • SSSI_IMP (land improvement schemes) • WFD_IMP_WRHMWB • WFD_INV_FISH • WFD_INV_WRFlow • WFD_INV_WRHMWB • WFD_ND_WRHMWB • WFD_NDINV_WRFlow • WFDGW_NDINV_GWR <p>There are a number of schemes which fall into the above categories but are not included within this performance commitment. The 'Specific exclusions' section below provides details of these schemes.</p> <p>During each year of the 2020-25 period, the company will record the realised delivery date of each included scheme, and it will compare this against the scheduled delivery date set out in the WINEP to calculate the net number of days early or late for each scheme. The company will then aggregate these scheme-specific estimates into a single company-wide estimate which records the net number of days early or late across all schemes combined.</p> <p>There are 14 catchment schemes included within this performance commitment, and it will be possible for these schemes to be partly delivered, with certain elements being complete and other elements incomplete. In these cases, the company will calculate the number of days late by multiplying the number of days that the incomplete elements are late by the proportion of overall scheme benefits represented by the incomplete elements. This calculated figure will then feed into the company-level aggregation of net days early or late, along with all other aggregation inputs.</p>

Unique Reference	PR19UU_C04-WR
Additional detail on measurement units	<p>This performance commitment measures the net number of days early that the company's WINEP water resources schemes are delivered. Consequently, a positive result will imply that the company has delivered its schemes early on average, whilst a negative result will imply that the company has delivered its schemes late on average.</p> <p>If changes to the programme of water resources schemes are required during the 2020-25 period, then the company will work with the Environment Agency to agree changes to its WINEP programme through a change control process. Where such changes are formally agreed with the Environment Agency, as defined by the sign-off of an amendment form, the company's performance against this commitment will subsequently be measured against the delivery dates agreed for the revised programme. This change control will be recorded in a separate audited document.</p> <p>On completion of each scheme the company will ensure that detailed output in use packs are available for sharing with the Environment Agency to demonstrate completion of the work.</p> <p>For a scheme to be considered complete, the company will complete an 'output in use' certificate. If the scheme results in a licence change, the company will reference the licence change and include this on the Environment Agency tracker.</p>
Specific exclusions	<p>The following wastewater schemes fit within the aforementioned criteria for this performance commitment but are excluded from it:</p> <ul style="list-style-type: none"> • Rochdale WWTW Weir scheme • Stockport WWTW Weir scheme • Ringley Weir scheme
Reporting and assurance	The company will ask the Environment Agency to confirm that performance has been correctly reported. The view of the Environment Agency will be definitive.
Measurement unit and decimal places	The extent to which the company's WINEP water resources schemes have been delivered early, expressed as net aggregate number of days early or late, to zero decimal places
Measurement timing	Reporting year (1 st April – 31 st March)
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19UU_C04-WR
Price control allocation	100% Water resources
Frequency of reporting	Annual
Any other relevant information	There will be a separate cost adjustment mechanism related to this programme of river water quality enhancement schemes, which will be used to manage the costs borne by customers if there are any future changes to the scope of the 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	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		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	-0.0100
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.12 Improving river water quality

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

Benefits: This performance commitment improves the natural environment by encouraging the timely delivery of river water quality enhancement schemes. It will help to improve the cleanliness of local rivers and thereby support the preservation of river ecosystems including river-based wildlife.

Performance commitment definition and parameters

Unique Reference	PR19UU_C05-WWN
Detailed definition of performance measure	<p>This performance commitment measures the net number of days early or late that the company's Water Framework Directive river water quality enhancement schemes within the Water Industry National Environment Programme (WINEP) are delivered. This will be calculated by catchment and will be assessed annually.</p> <p>The Water Framework Directive schemes covered by this measure will be those that have an Environment Agency primary or secondary water quality improvement driver, as denoted by codes WFD_IMPg, WFD_IMPm and NERC_IMP1. The company has identified 96 schemes that will be included within this performance commitment, and these 96 schemes will be grouped into 16 catchments across the North West. The company will follow a multi-step process to calculate a company-level estimate for project delivery timeliness, which will be measured in aggregate number of days early or late across all of the included schemes. This multi-step process is set out below. The company will record the number of days</p>

Unique Reference	PR19UU_C05-WWN																				
	<p>early or late that each individual scheme within a catchment has been delivered. This will be done by comparing the scheduled delivery date for each scheme (as set out in the WINEP) to the realised delivery date for that scheme. Once all schemes within a catchment have been delivered, the company will then calculate aggregate delivery timeliness at the catchment level.</p> <p>The company will weight scheme-specific delivery timeliness estimates according to a set of banding criteria. Each scheme will be allocated to one of four bands based on its totex cost, as set out in the table below:</p> <table border="1" data-bbox="624 730 1289 1032"> <thead> <tr> <th>Band</th> <th>Number</th> <th>Cost of schemes</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1-59</td> <td>Below £6m</td> <td>1</td> </tr> <tr> <td>2</td> <td>60-81</td> <td>£6m-£10m</td> <td>3</td> </tr> <tr> <td>3</td> <td>82-91</td> <td>£10m-£17m</td> <td>4</td> </tr> <tr> <td>4</td> <td>92-96</td> <td>Greater than £17m</td> <td>11</td> </tr> </tbody> </table> <p>Each banding is associated with a ratio. These ratios serve as relative weightings which are then applied to the scheme-specific delivery timeliness recordings in order to calculate a cost-weighted net delivery timeliness position for the catchment.</p> <p>Once all aggregated catchment level delivery timeliness positions have been calculated within a given year, these positions are added together to determine a company-level delivery timeliness figure for that year.</p>	Band	Number	Cost of schemes	Ratio	1	1-59	Below £6m	1	2	60-81	£6m-£10m	3	3	82-91	£10m-£17m	4	4	92-96	Greater than £17m	11
Band	Number	Cost of schemes	Ratio																		
1	1-59	Below £6m	1																		
2	60-81	£6m-£10m	3																		
3	82-91	£10m-£17m	4																		
4	92-96	Greater than £17m	11																		
<p>Additional detail on measurement units</p>	<p>A positive value for this performance commitment indicates that the company has delivered its schemes early on average, whilst a negative result indicates that the company has delivered its schemes late on average.</p> <p>If changes to the programme of river water quality enhancement schemes are required during the 2020-25 period, then the company will work with the Environment Agency to agree changes to its WINEP programme through a change control process. Where such changes are formally agreed with the Environment Agency, as defined by the sign-off of an amendment form, the company's performance against this commitment will subsequently be measured against the delivery dates agreed for the revised programme.</p> <p>On completion of each scheme the company will ensure that detailed 'output in use' packs are available for sharing with the Environment Agency to demonstrate completion of the work.</p> <p>The company will only be able to claim completion of a scheme once its internal governance procedure for claiming</p>																				

Unique Reference	PR19UU_C05-WWN
	outputs has been completed, as demonstrated through the completion of an 'output in use' certificate, and the new environmental permit for that site has been issued by the Environment Agency and is in force. Where alternative permit approaches are used, such as catchment permits or stretch targets, an individual scheme will be considered complete if enhancement requirements to achieve these alternative permits are met and an 'output in use' certificate has been completed.
Specific exclusions	None
Reporting and assurance	The company will ask the Environment Agency to confirm that performance has been correctly reported. The view of the Environment Agency will be definitive.
Measurement unit and decimal places	The extent to which the company's WINEP river water quality enhancement schemes have been delivered early, expressed as cumulative net aggregate number of days early or late, 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	There will be a separate cost adjustment mechanism related to this programme of river water quality enhancement schemes, which will be used to manage the costs borne by customers if there are any future changes to the scope of the 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	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		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	-0.0145
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.13 Protecting the environment from the impact of growth and new development

Purpose: This performance commitment measures the additional wastewater treatment capacity provided by the company in order to ensure that any increase in demand caused by population and economic growth can be met.

Benefits: This performance commitment reduces the risk of flooding and protects the environment from any increased wastewater flows and loads that may be caused by population and economic growth.

Performance commitment definition and parameters

Unique Reference	PR19UU_ C06-WWN
Detailed definition of performance measure	<p>The additional population equivalent as a result of investment to increase wastewater treatment works capacity required from expected new development.</p> <p>The baseline population equivalent is that from which the design is developed for each works.</p> <p>The growth risk at an individual wastewater treatment works is identified through planned new development locations and standard occupancy rates. Current performance levels are used as a baseline to establish the extent of the impact on treatment processes.</p> <p>Urban creep, climate change and consumption rates influence growth. These elements do not drive investment at any location but will be included in project design horizon calculations.</p> <p>Risk from trade effluent is reviewed at individual wastewater treatment works using trader correspondence and planning information and any significant changes or additions in trader discharges are included in the assessment of additional population equivalent to be accommodated.</p> <p>The population equivalent forecast may change over the course of the programme if the size of the predicted development increases or reduces. Growth from housing developments may also accelerate or slow down over the business plan period. These potential changes lead to the requirement for a flexible programme to enable reprioritisation of projects.</p> <p>Investment to increase wastewater treatment works capacity is only included if an increase in capacity is required by 31 March 2025. However, the solution design will incorporate all growth where there is certainty in the planning data available and includes growth within the project design horizon calculations. If investment is required</p>

Unique Reference	PR19UU_ C06-WWN
	for other reasons, for example maintenance, any additional population equivalent treatment capacity will be reported against this measure where there is certainty in the planning data available and includes growth within the project design horizon calculations.
Additional detail on measurement units	Performance will be measured as a cumulative total of additional population equivalent for each year, starting at 2021.
Specific exclusions:	The measure does not include interventions required on the wastewater network to facilitate new connections as these are funded through the developer charging system, unless a network solution is developed to provide additional capacity for the downstream works.
Reporting and assurance	The company will submit an independent assurance report that summarises the evidence that additional treatment capacity was required by 31 March 2025 when on site investment began. It will also set out the additional capacity that is delivered and summarise the evidence that the capacity was required within the project design horizon and set out the rationale for the project design horizon.
Measurement unit and decimal places	Measured as the additional population equivalent capacity at the wastewater treatment works reported annually to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% Wastewater network plus
Frequency of reporting	Annual
Any other relevant information	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	8,848	8,848	8,848	75,113
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	-0.000017
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000017
Outperformance payment - enhanced	NA

1.2.14 Enhancing natural capital value for customers

Purpose: This performance commitment incentivises the company to use catchment approaches to deliver water quality improvements through natural capital approaches and assets.

Benefits: This performance commitment will enhance the region's natural capital value by promoting solutions that have the capacity to generate ecosystem goods and services.

Performance commitment definition and parameters

Unique Reference	PR19UU_C08-CF
Detailed definition of performance measure	<p>The estimated added natural capital value, in millions of pounds, created by delivering investment outcomes through non-conventional approaches, as compared to delivering outcomes through conventional approaches.</p> <p>For the purposes of this performance commitment:</p> <ul style="list-style-type: none"> • a non-conventional approach is defined as a solution that is not conventional but incorporates green solutions and/or catchment solutions to deliver on regulatory requirements and deliver added value; • a conventional solution is defined as an intervention principally consisting of the construction of new hard engineered assets, the enhancement of existing hard engineered assets or the augmentation of the operation of an existing hard engineered asset. <p>A conventional solution also includes any existing operational activity undertaken outside of a capital scheme which has the potential to be improved to deliver added natural capital value.</p> <p>Prior to the start of the 2020-25 period, the company will set a baseline level of performance which will be based on the assumed delivery of statutory requirements for improvements to water quality, as set out in the Environment Agency's Water Industry National Environment Programme (WINEP) and other performance commitments. This baseline level of performance will be subject to an independent audit to determine its reliability.</p> <p>The company will measure added natural capital value by identifying the ecosystem services that are delivered using a non-conventional approach. The company will restrict its measurement of ecosystem services to six defined services which its customers consider to be important, as set out below.</p>

Unique Reference	PR19UU_C08-CF
	<p>An independent third-party organisation will then attribute monetary values to these ecosystem services using an assured Natural Capital Accounting methodology, which will be based on unit values taken from national guidance, policy and peer reviewed research. HM Treasury Green Book guidance on discounting future cashflows will be used to derive a net present value for these ecosystem service benefits, based on an assumed time horizon of 30 years. It will be assumed that all solutions achieve their respective natural capital benefits for the entirety of this 30 year timespan. To calculate the added value created by non-conventional solutions, the calculated ecosystem service benefits accrued from the non-conventional approach will then be compared to those accrued under a conventional approach, as defined within the company's baseline level of performance.</p>
<p>Additional detail on measurement units</p>	<p>The company will only be able to claim ecosystem service benefits which demonstrably relate to one of the following six categories:</p> <ul style="list-style-type: none"> • Water quality • Flooding • Climate change • Biodiversity • Recreation and amenity • Health and wellbeing <p>The baseline level of performance will be based on the natural capital value generated by the company delivering an agreed programme of WINEP3 catchment and integrated catchment schemes. In order to protect customers in the event of outperformance, the possible outperformance payments that can be accrued from each scheme will be capped at 10% of the totex cost of the scheme.</p> <p>The glossary of definitions, set out below in Annex 3 will apply for the purposes of measuring performance.</p>
<p>Specific exclusions</p>	<p>None</p>
<p>Reporting and assurance</p>	<p>The company will ensure that its baseline level of performance is subject to an independent audit. The company will obtain assurance by an appropriately qualified third party of its performance.</p> <p>When deciding whether to apply a conventional or non-conventional approach to deliver a particular scheme, the company will apply a standard methodology that is aligned with price review guidance and best practice to select the solution which is the best value and manages the risk to the environment. This methodology will include an assessment of the whole life costs required to deliver each type of solution.</p>

Unique Reference	PR19UU_C08-CF
	The conventionality of the solution, assessment of best value option selected and claimed added value contributing to this performance commitment. This will also be independently assured annually.
Measurement unit and decimal places	Total added natural capital value generated through the use of non-conventional solutions to deliver water quality improvement schemes (£m), three 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% water resources 5% water network plus 80% wastewater network plus 5% bioresources (sludge)
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	£m	NA	0.000	1.750	0.000	0.000	2.250
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		9.000	5.750	4.000	4.000	9.000
Enhanced outperformance cap	£m		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.50
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.50
Outperformance payment - enhanced	NA

1.2.15 Recycling biosolids

Purpose: This performance commitment measures the compliance of the company with statutory requirements in dealing with sewage sludge and the voluntary 'Biosolids Assurance Scheme' (BAS) for biosolids that are recycled to agriculture

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ C09-BR
Detailed definition of performance measure	<p>The overall percentage of company sludge satisfactorily used or disposed of in line with version 3 of the Environment Agency's Water and Sewerage Company Environmental Performance Assessment (EPA) methodology (published November 2017), which includes compliance with certain environmental laws and industry agreements in effect at the date of final determination, including:</p> <ul style="list-style-type: none"> • the Sludge (Use in Agriculture) Regulations 1989; • Environmental Permitting (England and Wales) Regulations 2010; and • Water company voluntary compliance with the Safe Sludge Matrix. <p>The full methodology can be found here: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf</p> <p>As a further requirement, biosolids that are recycled to agriculture will conform to the BAS (a voluntary scheme under the governance of WaterUK). The scheme incorporates best practice guidance and is independently audited.</p> <p>The performance commitment will be measured and reported using the version of the BAS in place at the time of final determination publication; issue 4, dated 13 November 2017 which became active on 1 January 2018.</p>
Additional detail on measurement units	<p>The formula used for assessing successful biosolids use is: $\% \text{ Biosolids compliance} = (1 - ((A+B)/C)) * 100$ Where:</p>

Unique Reference	PR19UU_ C09-BR
	<p>A is the quantity of biosolids for all non-agricultural use or disposal, confirmed as not being compliant with satisfactory sludge disposal requirements, reported in thousand tonnes of dry solids (tTDS).</p> <p>B is the quantity of biosolids used in agriculture, confirmed as not being compliant with the Biosolids Assurance Scheme or satisfactory sludge disposal requirements, reported in thousand tonnes of dry solids (tTDS). For biosolids used in agriculture the worst performance against either Biosolids Assurance Scheme or satisfactory sludge disposal requirements to agriculture is reported to avoid double counting.</p> <p>C is the total sewage sludge produced by United Utilities Water, reported in thousand tonnes of dry solids (tTDS). It also includes all sludge traded; both imports and exports.</p> <p>The company must be able to present evidence of assurance against the BAS and any relevant certification.</p>
Specific exclusions	Exemptions are in line with the versions of the EPA and BAS definitions in place at the time of final determination publication.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage compliance reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	<p>Outperformance and underperformance payments</p> <p>A single £1.5m outperformance payment earned as a lump sum for any three consecutive years of 100% compliance within the 2020-25 period, with a further one off £1.5m payment for 100% compliance for all five years. There is a potential total payment of £3m across the five year period.</p>
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% Bioresources
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year

Unique Reference	PR19UU_ C09-BR
	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	%	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	%		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	-0.160
Underperformance payment - enhanced	NA
Outperformance payment - standard	See definition
Outperformance payment - enhanced	NA

1.2.16 Better air quality

Purpose: This performance commitment incentivises the company to meet and maintain Medium Combustion Plant Directive nitrous oxide limits by 2020 and across 2020-25.

Benefits: This performance commitment improves air quality by reducing the nitrous oxide (NOx) emissions per unit of renewable electricity generated from bioresources activities.

Performance commitment definition and parameters

Unique Reference	PR19UU_ C10-BR
Detailed definition of performance measure	<p>Tonnes of NOx emitted per Gigawatt Hour (GWh) electricity generated from Bioresources. It is measured annually as a ratio based on the quantity of NOx emitted (tonnes) per unit of renewable electricity generation (GWh).</p> <p>The scope of the measure includes: Electricity generation and NOx emissions from the treatment of sewage sludge and the co-treatment of other organic wastes with sewage sludge from Bioresources combined heat and power engines and incineration Calculated electricity generated values for biogas used in gas to grid schemes that could otherwise have been used in combined heat and power engines.</p>
Additional detail on measurement units	<p>The concentration of NOx emissions are measured from the gases emitted to atmosphere by a qualified external contractor annually (at a minimum). The concentration values are used to calculate the quantity of NOx that would be emitted under reference conditions for temperature and pressure. Each combined heat and power engine is to be measured and where there is more than one engine on site, the average NOx value is determined. The averages of each site are totalled to give a</p>

Unique Reference	PR19UU_ C10-BR																		
	<p>regional total NOx emission for the year in tonnes. The same approach is used for incineration gases. The standard used for testing the engines to quantify and report the concentration of NOx emissions is BS EN 14792 publication Stationary source emissions. Determination of mass concentration of nitrogen oxides (NOx), which is in effect at the time of PR19 final determinations.</p> <p>Electricity generated from each site is measured. The biogas to grid is measured at the point of injection into the grid and a calculation is used to convert the biogas into electrical energy as though it had been used in the site CHP engines and this is added to the site total. All sites are added together to give the regional total electricity generated for the year in GWh. The company will provide external third party assurance that all data relating to energy, electricity generation and biomethane production is compliant with the version of the international carbon reporting standard (ISO 14064, Part 1) which is in effect at the time of PR19 final determinations publication and assured following an audit by an appropriately qualified independent third party.</p> <table border="1" data-bbox="512 1003 1385 1850"> <thead> <tr> <th data-bbox="512 1003 711 1093">Source</th> <th data-bbox="711 1003 839 1093">Fuel</th> <th data-bbox="839 1003 1114 1093">NOx</th> <th data-bbox="1114 1003 1385 1093">Electricity Generation</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 1093 711 1290">Combined heat and power engines</td> <td data-bbox="711 1093 839 1290">Biogas</td> <td data-bbox="839 1093 1114 1290">Measure concentration and convert to tonnes per year.</td> <td data-bbox="1114 1093 1385 1290">Total electricity generated from combined heat and power engines per year.</td> </tr> <tr> <td data-bbox="512 1290 711 1693">Biomethane production</td> <td data-bbox="711 1290 839 1693">Biogas</td> <td data-bbox="839 1290 1114 1693">Considered as zero emissions as fuel is used away from the sludge treatment centre.</td> <td data-bbox="1114 1290 1385 1693">Biogas quantity and quality is converted to amount of electricity as though it had been used on site in a combined heat and power engine.</td> </tr> <tr> <td data-bbox="512 1693 711 1850">Incineration</td> <td data-bbox="711 1693 839 1850">Sludge</td> <td data-bbox="839 1693 1114 1850">Measure concentration and convert to tonnes per year.</td> <td data-bbox="1114 1693 1385 1850">Total electricity generated from incineration per year.</td> </tr> </tbody> </table>			Source	Fuel	NOx	Electricity Generation	Combined heat and power engines	Biogas	Measure concentration and convert to tonnes per year.	Total electricity generated from combined heat and power engines per year.	Biomethane production	Biogas	Considered as zero emissions as fuel is used away from the sludge treatment centre.	Biogas quantity and quality is converted to amount of electricity as though it had been used on site in a combined heat and power engine.	Incineration	Sludge	Measure concentration and convert to tonnes per year.	Total electricity generated from incineration per year.
Source	Fuel	NOx	Electricity Generation																
Combined heat and power engines	Biogas	Measure concentration and convert to tonnes per year.	Total electricity generated from combined heat and power engines per year.																
Biomethane production	Biogas	Considered as zero emissions as fuel is used away from the sludge treatment centre.	Biogas quantity and quality is converted to amount of electricity as though it had been used on site in a combined heat and power engine.																
Incineration	Sludge	Measure concentration and convert to tonnes per year.	Total electricity generated from incineration per year.																
	<p>NOx emissions in tonnes per year is divided by the electricity generation in GWh per year to give a value in tonnes per GWh.</p>																		

Unique Reference	PR19UU_ C10-BR
	A three year rolling average is used to measure performance due to the relatively small number of measurements taken.
Specific exclusions	None
Reporting and assurance	<p>The company will provide independent assurance including that:</p> <ul style="list-style-type: none"> • The concentration of NOx emissions are measured by independent qualified third party according to <i>BS EN 14792 Stationary source emissions. Determination of mass concentration of nitrogen oxides (NOx)</i> (or its successors or recognised equivalents). • All operational data relating to energy, electricity generation and biomethane production is compliant with the international carbon reporting standard (ISO 14064, Part 1) (or its successors or recognised equivalents) and assured following an audit by an appropriately qualified independent third party.
Measurement unit and decimal places	Tonnes of NOx emissions per GWh electricity generation, 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% Bioresources
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	1.42	1.42	1.42	1.42	1.42
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	-0.0269
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0269
Outperformance payment - enhanced	NA

1.2.17 Street works performance

Purpose: This performance commitment measures the safety, quality and compliance of the company's street works activities in the public highway against the New Roads and Street Works Act (NRSWA) 1991.

Benefits: This performance commitment will improve the quality of the company's activities in the public highway through compliance with the New Roads and Street Works Act (NRSWA) 1991.

Performance commitment definition and parameters

Unique Reference	PR19UU_ D04-CF
Detailed definition of performance measure	<p>This performance commitment assesses the quality of delivery of the company's street works activities. It measures the safety, quality and compliance against the codes of practice currently in place (as at 2018) under the New Roads and Street Works act (NRSWA) 1991. The activities that comprise street works are defined within this legislation.</p> <p>This measure reports the percentage of non-compliance of street works activities undertaken in the public highway as assessed by the company's street works audit compliance team.</p> <p>The company is to audit in-progress excavation work and permanent standard reinstatements to determine the level of non-compliance against current legislation.</p>
Additional detail on measurement units	Measured as the percentage non-compliance against the Safety at Street works and Roads Works Code of Practice and the Specification for the Reinstatement of Openings in Highways (3rd Edition), reported annually to two decimal places.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage of non-compliance, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance	NA

Unique Reference	PR19UU_ D04-CF
and outperformance payments	
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	Number	NA	11.00	10.50	10.00	9.50	9.00
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	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.18 Priority Services - BSI accreditation

Purpose: This measure commits United Utilities to provide assurance that the quality of support for customers in vulnerable circumstances is of a standard in line with the British Standards Institution (BSI) inclusive service provision.

Benefits: This performance commitment 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	PR19UU_D05-HH
Detailed definition of performance measure	<p>This measure assesses the quality of the Priority Services scheme via the British Standard for Inclusive Service Provision certification BS 18477.</p> <p>To meet its targets for this performance commitment the company must achieve the BS 18477 standard in 2020-21 and maintain the standard thereafter. United Utilities meets this performance commitment if it has in place on the 31 March of the reporting year a BSI certification for standard BS 18477. If this certification from BSI is not in place on 31 March of the reporting year, the performance commitment is reported as not achieved or not maintained (depending on prior reporting year performance).</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 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</p>

Unique Reference	PR19UU_D05-HH
	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.
Additional detail on measurement units	This measure is reported as achieved/maintained or not achieved/not maintained.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Text (achieved/maintained or not achieved/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	NA
Links to relevant external documents	None

Performance commitments

		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

1.2.19 Number of customers lifted out of water poverty

Purpose: This performance commitment measures the number of customers lifted out of water poverty following the implementation of support measures by the company.

Benefits: This performance commitment will improve the levels of affordability support available to customers over the 2020-25 period, particularly for those customers that are most in need.

Performance commitment definition and parameters

Unique Reference	PR19UU_ E01-HH
<p>Detailed definition of performance measure</p>	<p>The number of unique residential customers lifted out of water poverty each reporting year as a result of a number of defined policies and support measures implemented by the company.</p> <p>The definition of water poverty used for this measure is residential customers spending more than 3% of their annual household income, after housing costs, on water and wastewater services.</p> <p>A 'unique customer' is defined as: "a single billed household, as identified by address record and customer account number. Each residential customer can only be judged to have been lifted out of water poverty once in any given reporting year".</p> <p>Where a residential customer is in receipt of multiple financial assistance schemes in a reporting year, they can only be counted a maximum of once towards the numbers of customers lifted out of water poverty in that reporting year.</p> <p>Where a customer moves home, but retains their customer account number they can only be counted as a unique customer once. Where a customer changes account number, but retains the same address and name they can only be counted as a unique customer once.</p>
<p>Additional detail on measurement units</p>	<p>A customer lifted out of water poverty as a result of measures implemented by the company is to be identified based upon the following evidence:</p> <p>The number of unique customers on a qualifying discounted tariff, for example "Help to Pay" or "Back on Track", where charges are reduced to a sufficient level to ensure annual charges are less than 3% of annual income;</p> <p>The number of unique customers on the Payment Matching Plus scheme where outstanding customer payments are reduced sufficiently to lift customers out of water poverty;</p> <p>The number of unique customers where a trust fund grant has alleviated their indebtedness to a sufficient level that</p>

Unique Reference	PR19UU_ E01-HH
	<p>outstanding customer payments for the current reporting year are reduced to less than 3% of annual income; and</p> <p>The number of unique customers where other forms of United Utilities' action has enabled them to reduce current reporting year charges and/or increase income (e.g. via a Town Action Plan visit or a successful benefit maximisation referral) that results in the customer being lifted out of water poverty.</p> <p>The terminology "unique customers" is used to ensure that a household subject to more than one support scheme is only counted once within the performance commitment level observed.</p> <p>The company uses information from the following sources, in order of preference, to assess household income:</p> <ul style="list-style-type: none"> An income assessment provided directly by the customer An income assessment provided on behalf of a customer by a recognised debt advice partner (including organisations such as Citizens Advice, StepChange and similar) An individualised indication of income using a range of third party financial data, for example Credit Reference Agency insight data, Department for Work and Pensions information on customer qualification for various forms of state benefits, other third party data provided through recognised data share and/or customer history. <p>The company is to carry out a validation process at least every three years after household income estimates have been obtained to check if this income level has changed.</p> <p>Water companies are currently engaged in discussions to establish a common definition of water poverty. Once a common definition has been established, we expect the company to notify Ofwat, in accordance with the procedures for changing performance commitments set out in Annex 2, with a view to updating the definition of this performance commitment to align it, as appropriate, with the common definition.</p>
Specific exclusions	Indications of income that are not specific to an individual, such as street or postcode level customer segmentation data do not qualify as an income assessment for the purposes of this performance commitment.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of customers, reported to zero decimal places.
Measurement timing	Reporting year

Unique Reference	PR19UU_ E01-HH
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	NA
Links to relevant external documents	NA

Performance commitments

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	57,600	59,800	62,100	64,300	66,500
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		46,102	47,875	49,648	51,422	53,195
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		69,153	71,813	74,473	77,132	79,792
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment – standard	-0.00022
Underperformance payment – enhanced	NA
Outperformance payment – standard	0.00022
Outperformance payment - enhanced	NA

1.2.20 Voids

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

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

Performance commitment definition and parameters

Unique Reference	PR19UU_E10-HH
Detailed definition of performance measure	<p>This is 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	Non-household properties are excluded from this performance commitment
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage household properties classified as void, 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% residential retail
Frequency of reporting	Annual

Unique Reference	PR19UU_E10-HH
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	%	NA	6.70	6.31	5.92	5.53	5.15
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		7.38	7.38	7.38	7.38	7.38
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		6.02	5.24	4.46	3.68	2.92
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-5.630
Underperformance payment - enhanced	NA
Outperformance payment – standard	5.630
Outperformance payment - enhanced	NA

1.2.21 Non-household vacancy incentive scheme

Purpose: This performance commitment is designed to identify occupied non-household premises that are showing as vacant and should therefore be billed.

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

Performance commitment definition and parameters

Unique Reference	PR19UU_E03-CF
Detailed definition of performance measure	The measure records the number of vacancy incentive payments made to retailers following a successful application. The occupancy status being corrected from 'vacant' to 'occupied' within the Central Market Operator System (CMOS).
Additional detail on measurement units	Non-household property status (Occupied/Vacant) is a retail owned data item and any changes of the occupancy status are the appropriate retailer's responsibility. The incentive scheme is only available to business retailers.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of vacancy incentive payments made to licenced retailers annually and reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	50% water network plus 50% wastewater network plus
Frequency of reporting	Annual

Unique Reference	PR19UU_ E03-CF
Any other relevant information	<p>Vacant premises are shown in the Central Market Operator System by the presence of a 'Vacancy Flag' against the relevant non-household premises. The Market Codes state that the retailer is responsible for maintaining the correct occupancy status with the Central Market Operator System.</p> <p>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.</p>
Links to relevant external documents	The wholesale retail code is available from the Market Operator website

Performance commitments

		Initial level	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		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	0.000136
Outperformance payment - enhanced	NA

1.2.22 Gap sites (Wholesale)

Purpose: This performance commitment measures the number of non-household properties identified by retailers where water and/or wastewater services are being used, but the property is not being billed ('gap sites').

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ E04-CF
Detailed definition of performance measure	<p>The number of incentive payments made by the company to business retailers who identify non-household premises using water or wastewater services which are not registered within the CMOS.</p> <p>A gap site is any premise which is in receipt of water services and/or sewerage services where no supply points or insufficient supply points are registered within the Central Market Operator System (CMOS). The CMOS system records all business customers and connects wholesalers and retailers in the market. A supply point is the point at which water services or sewerage services are provided.</p> <p>It is measured as the number of new supply points registered by the wholesaler through the retailer-identified gap site process. If a premise identified by the retailer is a valid gap site, the company will register the supply point into the CMOS and at this point the retailer is eligible for the incentive payment.</p> <p>The incentive scheme is only available to business retailers. If the company is already aware of the premises, the company will not pay the incentive to a retailer and the site</p>

Unique Reference	PR19UU_ E04-CF
	cannot be included in the measure. Supply points being processed through new connections or being processed through the wholesaler identified gap sites process will not be eligible for an incentive payment.
Additional detail on measurement units	Retailer-identified gap sites are added to the market via an established market process set out in the Wholesale-Retail Code.
Specific exclusions	None.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of gap site incentive payments, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	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	The wholesale retail code is available from the Market Operator website.

Performance commitment levels

		Initial level	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		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	0.000306
Outperformance payment - enhanced	NA

1.2.23 Gap sites (Retail)

Purpose: This performance commitment measures the number of household properties that are identified where water and/or wastewater services are being used, but the property is not known to the company ('gap sites').

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ E05-HH
Detailed definition of performance measure	The number of connected properties in the company's supply area which the company identifies as not being billed for water and/or wastewater services each year and are added to the company's billing system as residential customers.
Additional detail on measurement units	The company will use external and internal data sources to verify if it has properties in its region which it has not captured onto its billing system. Properties which are listed on 'AddressBase' Premium or other third party data sets but not already registered on internal billing or geographic information systems will be put forward for verification. As part of verification the company will conduct and provide evidence of manual checks on the properties believed to be missing from its billing system to ensure that it is correct in identifying these as gap sites. This includes checking if the property is connected for services on the billing system already, potentially with a slightly different address, or if the property is listed on Council Tax registers or Land Registry.
Specific exclusions	Excludes new or existing connections raised by developers through established new connections processes. Excludes non-household properties. Excludes any household properties identified before the 1 st April 2020.
Reporting and assurance	The company is to provide an independent report setting out assurance that it has rigorous processes that are correctly implemented to identify and bill newly built properties.
Measurement unit and decimal places	Number of gap site properties identified and verified to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payments

Unique Reference	PR19UU_ E05-HH
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	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		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	0.000013
Outperformance payment - enhanced	NA

1.2.24 Systems thinking capability

Purpose: This performance commitment measures the improvement in the company’s capability at ‘Systems Thinking’. Systems Thinking is an approach for day to day business management that attempts to optimise business processes.

Benefits: Improvements in Systems Thinking enable the company to deliver service levels in other key areas, for example reducing leakage or reducing pollution incidents.

Performance commitment definition and parameters

Unique Reference	PR19UU_ E06-CF
Detailed definition of performance measure	<p>Systems Thinking capability is assessed at a business level against benchmarked ‘maturity levels’ which range from one (the lowest level and therefore least mature) to five (the highest attainable level and therefore the most mature). The level of maturity refers to the company’s progress in delivering its Systems Thinking capability model, which aims to increase the levels of automation and connectedness across the business.</p> <p>The measure tracks the annual year on year movement in maturity levels. The measure is incremental, not cumulative, in order to ensure that the company is not rewarded twice for the same improvement.</p>
Additional detail on measurement units	<p>A third party will provide an assured maturity assessment methodology, which includes externally benchmarked and fully assured capability maturity level definitions which align with external models for businesses operating in similar asset intensive industries.</p> <p>The assessment methodology measures the end to end systems capability with a pass or fail assessment against a</p>

Unique Reference	PR19UU_ E06-CF
	<p>220 point assessment across 44 questions, grouped into eight areas, each with a five point maturity scale of assessment.</p> <p>A third party will make an assessment to ascertain the maturity level on an annual basis.</p> <p>In order to achieve an improvement in one level of organisational-level capability maturity, the company must achieve the improvement in capability in all eight capability areas and against the requirements of all 44 questions at the appropriate maturity level.</p> <ul style="list-style-type: none"> • Customer Experience • Work Scheduling • Operational Monitoring • Data and Information Management • Operational Control • Process Excellence • Product Planning & Optimisation • Asset Lifecycle Management <p>There is no aggregation, offsetting or averaging of different capability attributes in assigning an overall level of systems thinking maturity; all 44 questions must reach the target maturity level for the performance commitment, at a company level, to be met.</p>
Specific exclusions:	None
Reporting and assurance:	The company will conduct annual assurance from an appropriately qualified external third party which confirms that the reported maturity scores have been achieved in all eight capability areas and against the requirements of all 44 questions using a consistent methodology.
Measurement unit and decimal places	Maturity level, reported as a number 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

Unique Reference	PR19UU_ E06-CF
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitments

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	1	2	2	2	2
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

1.2.25 Successful delivery of direct procurement of Manchester and Pennine resilience

Purpose: This performance commitment incentivises United Utilities to procure Manchester and Pennine resilience scheme under direct procurement for customers in a way which demonstrates value for money to customers through delivery by a competitively appointed third party provider

Benefits: This performance commitment incentivises United Utilities to procure Manchester and Pennine resilience scheme under direct procurement for customers, which is expected to bring financial savings and promote innovation.

Performance commitment definition and parameters

Unique Reference	PR19UUW_E07-DP
Detailed definition of performance measure	<p>Where a United Utilities successfully completes an agreed procurement process and, following approval by Ofwat, awards the Manchester and Pennines resilience scheme to a competitively appointed provider such that the contract is signed and fully effective in accordance with its terms, a company would be entitled to receive an incentive payment which would reflect the size and complexity of Manchester and Pennines resilience scheme and the procurement undertaken.</p> <p>United Utilities will develop and carry out a procurement process as agreed with Ofwat and award a contract to a competitively appointed provider to deliver Manchester and Pennines resilience scheme. In general, the process comprises the United Utilities competitively tendering for a third-party to design, construct, finance, maintain and operate the scheme. Customers benefit where Manchester and Pennines resilience scheme is procured at a lower whole life cost and if it is carried out efficiently.</p>

Unique Reference	PR19UUW_E07-DP
	<p>We expect United Utilities to procure the competitively appointed provider within timelines to be agreed with Ofwat. The full value of outperformance payment will be payable if the contract award of Manchester and Pennines resilience scheme to the competitively appointed provider, occurs prior to 1 May 2023. The payment will be zero if the contract is awarded after 1 May 2023.</p> <p>For Manchester and Pennines resilience scheme there will be an outperformance payment of £5.74m being from 10 per cent of scheme's totex allowance in the period</p> <p>To manage the water supply resilience risks for Manchester and the Pennines, evidence shows that a major project is needed to replace tunnels which form part of one of the main aqueducts supplying the areas.</p> <p>United Utilities will make use of markets through a direct procurement process to maximise the value to customers of this project. This means that a competitively appointed provider will finance and manage the project, owning the assets for the duration of a contract. By doing this there is more opportunity for market forces to deliver the Manchester and Pennines resilience scheme efficiently</p>
Additional detail on measurement units	<p>This performance commitment will be measured in terms of whether a competitively appointed provider is appointed in circumstances where the direct procurement for customers scheme meets the qualifying criteria (principles).</p> <p>Achievement will be when a contract is signed and fully effective in accordance with its terms.</p> <p>Ofwat will, when the Full Business Case is formally submitted for approval, assess whether the scheme meets the qualifying criteria for the procurement of the scheme by way of a direct procurement for customers process.</p> <p>At the Full Business Case submission Ofwat shall consider all relevant information. This shall include the 'Principles applying to the DPC procurement process' set out in Ofwat's publication "Delivering Water 2020: Our methodology for the 2019 price review, Appendix 9: Direct procurement for customers" and as maybe revised from time to time. For the avoidance of doubt United Utilities shall not be eligible to receive the incentive payment prior to award of a contract to a competitively appointed provider</p>
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Contract award of third party provider

Unique Reference	PR19UUW_E07-DP
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance payment
Timing of underperformance and outperformance payments	End of period
Price control allocation	100 per cent to water network plus
Frequency of reporting	Annual, on a regulatory reporting year basis
Any other relevant information	Delivery of Manchester and Pennines resilience scheme by way of direct procurement for customers is expected to bring financial savings and promote innovation. Under this performance related mechanism United Utilities would derive a financial incentive for procuring Manchester and Pennines resilience scheme under direct procurement for customers which demonstrates value for money to customers through delivery by a competitively appointed third party provider.
Links to relevant external documents	PR19 DPC Technical Appendix Delivering Customer value in large projects

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Competitive appointment of third party provider	NA	In progress	In progress	In progress	1st May 2023 contract award (signed and fully effective)	NA
Enhanced underperformance collar		NA	NA	NA	NA	NA	NA
Standard underperformance collar		NA	NA	NA	NA	NA	NA
Underperformance deadband		NA	NA	NA	NA	NA	NA
Outperformance deadband		NA	NA	NA	NA	NA	NA
Standard outperformance cap		NA	NA	NA	NA	NA	NA
Enhanced outperformance cap		NA	NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	5.74m

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

1.2.26 Customers say that we offer value for money

Purpose: To incentivise the company to deliver a water and wastewater service that represents value for money for customers.

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ E09-HH
Detailed definition of performance measure	<p>Percentage of household customers that provide a positive response that United Utilities provides value for money.</p> <p>Value for money performance is assessed from the results of customer surveys that ask United Utilities residential customers “How satisfied are you with value for money of water and sewerage services in your area?”</p> <p>Positive responses occur if the customer states that United Utilities provides value for money. Neutral or negative responses will be judged as United Utilities does not provide value for money.</p>
Additional detail on measurement units	<p>The sample size used to measure this performance commitment is to be at least equivalent to that used in the PR14 measure of the same name (1,100 customers).</p> <p>In implementing the survey, the company is to:</p> <ul style="list-style-type: none"> Align survey methodology to existing cross sector research conducted by CCWater; Receive external assurance that the survey methodology is conducted in line with social research best practice; Conduct the survey least annually and report results; Ensure the survey sample size is sufficiently large to ensure a statistically robust result; and

Unique Reference	PR19UU_ E09-HH
	<p>Consult with the United Utilities Customer Challenge Group (CCG), YourVoice, on the methodology and survey questions used.</p> <p>The methodology is likely to remain unchanged for the duration of the performance commitment, however if changes in question structure or methodology are required in period, the company will consult with its independent CCG, YourVoice and Ofwat before implementing changes.</p> <p>The performance commitment figure captures the average of all responses throughout the reporting year.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage of household customers, 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 commitments

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	71	72	73	74	75
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

1.2.27 Sewer blockages

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

Benefits: This performance commitment will help reduce of the number of sewer flooding incidents and improve customer service.

Performance commitment definition and parameters

Unique Reference	PR19UU_F02-WWN
Detailed definition of performance measure	<p>The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) reported on a reporting year basis.</p> <p>A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour.</p> <p>The full definition can be found in the sewer blockages reporting guidance published 11 December, 2017: 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:	None
Reporting and assurance	No specific requirements.
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	In-period

Unique Reference	PR19UU_F02-WWN
outperformance payments	
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	20,664	20,328	19,992	19,656	19,320
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		30,996	30,996	30,996	30,996	30,996
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		17,505	17,220	16,935	16,651	16,366
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/blockage)
Underperformance payment - standard	-0.0014
Underperformance payment - enhanced	NA
Outperformance payment – standard	0.0014
Outperformance payment - enhanced	NA

1.2.28 External flooding incidents

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

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

Performance commitment definition and parameters

Unique Reference	PR19UU_ G03-WWN
Detailed definition of performance measure	<p>The external sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, updated on 28 April 2018:</p> <p>https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/</p> <p>The performance commitment will be reported as the absolute number of external sewer flooding incidents per year including incidents caused by severe weather.</p>
Additional detail on measurement units	<p>External flooding: is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of curtilages flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of 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</p>

Unique Reference	PR19UU_ G03-WWN
	incidents caused by severe weather should be included in this measure. See guidance for full definition.
Specific exclusions	Are as defined in the reporting guidance.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of incidents 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	NA
Links to relevant external documents	NA

Performance commitments

		Company forecast	Committed performance level					
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
Performance commitment level	Number	NA	NA	6,845	6,599	6,352	6,106	5,859
Enhanced underperformance collar	Number			NA	NA	NA	NA	NA
Standard underperformance collar	Number			10,268	10,268	10,268	10,268	10,268
Underperformance deadband	Number			NA	NA	NA	NA	NA
Outperformance deadband	Number			NA	NA	NA	NA	NA
Standard outperformance cap	Number			6,221	6,017	5,843	5,662	5,476
Enhanced outperformance cap	Number			NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00644
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00537
Outperformance payment - enhanced	NA

1.2.29 Raising customer awareness to reduce the risk of flooding

Purpose: This performance commitment measures the percentage improvement in customer awareness of what not to flush down the toilet and what should not be poured down the drain in order to improve sewer performance and customer experience.

Benefits: Increasing customer understanding of what should and shouldn't be disposed of down drains and toilets will lead to improved customer experience and performance of the wastewater network.

Performance commitment definition and parameters

Unique Reference	PR19UU_ G04-WWN
Detailed definition of performance measure	This measure assesses delivery of an increase in customer awareness aimed at changing behaviour on items that should not be flushed down the toilet and not poured down the drain. The baseline awareness will be set using the Brand Tracker online survey. Performance through the period 2020 to 2025 will be tracked by engaging with an independent customer research organisation to repeat the survey annually to track changes in awareness.
Additional detail on measurement units	The Brand Tracker is a quantitative online survey that is conducted three times a year with 1,000 (or more) residential customers. It measures its activities over the previous three to four months. Customers should be a representative mix of age, gender, region, metered / unmetered customers and urban / suburban customers. The results for this measure will be based on an even average across two questions, one question will refer to general customer awareness of what not to flush or pour, and the second shall refer to specific customer awareness of United Utilities messaging around this topic. The annual total will be a simple average of the result of the three surveys. The baseline will be set in 2019-20.
Specific exclusions:	None
Reporting and assurance	The measure will be tracked by an independent customer research organisation annually.
Measurement unit and decimal places	The percentage change from the baseline, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments

Unique Reference	PR19UU_ G04-WWN
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	%	NA	2.0	4.0	6.0	8.0	10.0
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	-0.086
Underperformance payment - enhanced	NA
Outperformance payment – standard	0.086
Outperformance payment - enhanced	NA

1.2.30 Hydraulic internal flood risk resilience

Purpose: This performance commitment is designed to incentivise companies to provide permanent solutions to reduce the risk of internal flooding at properties that have experienced flooding more than once.

Benefits: This performance commitment will reduce the risk of customers that have repeated experience of internal flooding being flooded again.

Performance commitment definition and parameters

Unique Reference	PR19UU_ G05-WWN
Detailed definition of performance measure	<p>The number of predicted flooding incidents each year at properties that had repeat flooding between 2012-13 and 2017-18.</p> <p>It is measured and reported as the number of modelled internal flooding incidents as predicted by the hydraulic model. For instance in terms of annualised risk, flooding on a 1-in-1 event would equal 1 annualised incident while flooding on a 1-in-10 event would be equivalent to 0.1 annualised incidents.</p> <p>Where the modelled frequency is greater than the reported frequency, the reported frequency for the six year period 2012-13 to 2017-18 will be used instead of modelled risk.</p> <p>The modelled risk will be as calculated in 2018-19. Throughout the period 2020-2025, risk values will be updated for each listed property where a permanent intervention is carried out.</p> <p>Risk levels will only be updated where the modelled risk changes solely due to a permanent intervention being carried out in the period with the intention of providing or freeing up additional hydraulic capacity And include:</p>

Unique Reference	PR19UU_ G05-WWN
	<ul style="list-style-type: none"> • sewer upsizing; • online or offline storage; • flow transfer; • surface water removal including green infrastructure solutions; and • physical disconnection from a surcharging sewer. <p>Solutions will be designed for a 2040 design horizon, including climate change, proposed development and creep. The reduction will be the difference between the remaining 2040 risk following an intervention, and the baseline risk level. The reduction must be a minimum of a 50% reduction in modelled flood risk frequency.</p> <p>Where properties are not already on the list and are impacted by a repeat flood after 1 April 2018, they will be added to the measure using a consistent method with those currently included.</p>
<p>Additional detail on measurement units</p>	<p>The measure is based on modelled risk. Design rainfall is simulated across the region for rainfall events from 1-in-1, up to 1-in-50 and across the full range of durations. The lowest return period to show a flood risk is used to understand the flooding frequency. For example, if a property is shown as flooding in a 1-in-10 event but not in a 1-in-5, 1-in-10 is taken as the flood frequency.</p> <p>For properties with the greatest predicted volumes in the 1-in-1 year design event, historic rainfall series is used (reflecting actual rainfall to have been recorded in each area) to simulate flooding over that period, resulting in a corresponding modelled prediction of flooding.</p> <p>Depending on the level of modelled detail in the vicinity of each property, thresholds in terms of flooding volume (e.g. for overland flooding mechanisms) and top water levels (e.g. for cellar flooding) are set and adopted consistently to assign modelled risk across the full list of properties.</p> <p>Modelled representation of the sewerage system and associated verification of models are carried out in line with the CIWEM UDG (2017) Code of Practice for the Hydraulic Modelling of Urban Drainage Systems and, for the representation of antecedent conditions, the CIWEM UDG (2016) Rainfall Guide or the successors or recognised equivalents. The methods detailed in sections 3.3 and 3.4 (antecedent conditions for design rainfall) and 4.3.5 (antecedent conditions for time series rainfall) have been applied in all cases. Future maintenance of models will also be updated, run and managed using this guidance until it is superseded.</p>

Unique Reference	PR19UU_ G05-WWN
	<p>The model risk will be determined based on 1D modelling (for example, a manhole flooding with 10m³ if it is in the highway would be considered enough to enter the property boundary). As this would not have the detail required to differentiate between internal and external flooding, the recorded historic flooding is used to allocate the model risk to either this measure or the equivalent external measure.</p> <p>Where there is only recorded historic internal flooding, the property is allocated to this measure. Where there is recorded historic external flooding, the property is allocated to the external measure. Where there are separate recorded instances of historic internal and external flooding, the property will be included in this measure and the external measure. Should a solution be developed for one of the properties included in both measures, 2D modelling will be run where appropriate to determine that both the internal and external flooding had been resolved, unless the solution would clearly resolve only one consequence of the flooding.</p>
Specific exclusions	<p>The measure does not include flooding due to other causes such as blockages and collapses.</p> <p>Properties that have had previously completed schemes unless an intervention is deployed that creates additional sewer capacity beyond that provided by the original project therefore providing an additional modelled flood risk benefit</p> <p>Properties where construction is underway at 30th June 2019 and excluding 2019-20 planned hydraulic modelling for network investigations and modelling risk for proposed development.</p>
Reporting and assurance	<p>The company must publish independent reports of the assessment audit of the baseline position and then further audits of assessment of any changes in the risk position claimed within the year for each year between 2020 and 2025. If changes are necessary to the methodology or underlying data, the reports will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.</p>
Measurement unit and decimal places	The number of modelled internal flooding incidents to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	In-period

Unique Reference	PR19UU_ G05-WWN
and outperformance payments	
Price control allocation	100% wastewater network plus
Frequency of reporting	
Any other relevant information	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	60.04	59.04	58.04	57.04	56.04
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		78.04	78.54	79.04	79.54	80.04
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		37.90	36.90	35.90	34.90	33.90
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.415
Underperformance payment - enhanced	NA
Outperformance payment – standard	0.415
Outperformance payment - enhanced	NA

1.2.31 Hydraulic external flood risk resilience

Purpose: This performance commitment is designed to incentivise companies to provide permanent solutions to reduce the risk of external flooding at properties that have experienced flooding more than once.

Benefits: This performance commitment will reduce the risk of customers that have repeated experience of external flooding being flooded again.

Performance commitment definition and parameters

Unique Reference	PR19UU_ G06-WWN
Detailed definition of performance measure	<p>The number of predicted flooding incidents each year at properties that had repeat flooding between 2012-13 and 2017-18.</p> <p>It is measured and reported as the number of modelled external flooding incidents as predicted by the hydraulic model. For instance in terms of annualised risk, flooding on a 1-in-1 event would equal 1 annualised incident while flooding on a 1-in-10 event would be equivalent to 0.1 annualised incidents.</p> <p>Where the modelled frequency is greater than the reported frequency, the reported frequency for the six year period 2012-13 to 2017-18 will be used instead of modelled risk.</p> <p>The modelled risk will be as calculated in 2018-19. Throughout the period 2020-2025, risk values will be updated for each listed property where a permanent intervention is carried out.</p> <p>Risk levels will only be updated where the modelled risk changes solely due to a permanent intervention being carried out in the period with the intention of providing or freeing up additional hydraulic capacity and include:</p>

Unique Reference	PR19UU_ G06-WWN
	<ul style="list-style-type: none"> • sewer upsizing; • online or offline storage; • flow transfer; and • surface water removal including green infrastructure solutions. <p>Solutions will be designed for a 2040 design horizon, including climate change, proposed development and creep. The reduction will be the difference between the remaining 2040 risk following an intervention, and the baseline risk level. The reduction must be a minimum of a 50% reduction in modelled flood risk frequency.</p> <p>Where properties are not already on the list and are impacted by a repeat flood after 1 April 2018, they will be added to the measure using a consistent method with those currently included.</p>
<p>Additional detail on measurement units</p>	<p>The measure is based on modelled risk. Design rainfall is simulated across the region for rainfall events from 1-in-1, up to 1-in-50 and across the full range of durations. The lowest return period to show a flood risk is used to understand the flooding frequency. For example, if a property is shown as flooding in a 1-in-10 event but not in a 1-in-5, 1-in-10 is taken as the flood frequency.</p> <p>For properties with the greatest predicted volumes in the 1-in-1 year design event, historic rainfall series is used (reflecting actual rainfall to have been recorded in each area) to simulate flooding over that period, resulting in a corresponding modelled prediction of flooding.</p> <p>Depending on the level of modelled detail in the vicinity of each property, thresholds in terms of flooding volume (e.g. for overland flooding mechanisms) and top water levels (e.g. for cellar flooding) are set and adopted consistently to assign modelled risk across the full list of properties.</p> <p>Modelled representation of the sewerage system and associated verification of models are carried out in line with the CIWEM UDG (2017) Code of Practice for the Hydraulic Modelling of Urban Drainage Systems and, for the representation of antecedent conditions, the CIWEM UDG (2016) Rainfall Guide or their successors or recognised equivalents. The methods detailed in sections 3.3 and 3.4 (antecedent conditions for design rainfall) and 4.3.5 (antecedent conditions for time series rainfall) have been applied in all cases. Future maintenance of models will also be updated, run and managed using this guidance until it is superseded.</p>

Unique Reference	PR19UU_ G06-WWN
	<p>The model risk will be determined based on 1D modelling (for example, a manhole flooding with 10m³ if it is in the highway would be considered enough to enter the property boundary). As this would not have the detail required to differentiate between internal and external flooding, the recorded historic flooding is used to allocate the model risk to either this measure or the equivalent internal measure.</p> <p>Where there is only recorded historic internal flooding, the property is allocated to the internal measure. Where there is recorded historic external flooding, the property is allocated to this measure. Where there are separate recorded instances of historic internal and external flooding, the property will be included in this measure and the internal measure. Should a solution be developed for one of the properties included in both measures, 2D modelling will be run where appropriate to determine that both the internal and external flooding have been resolved, unless the solution would clearly resolve only one consequence of the flooding.</p>
Specific exclusions	<p>The measure does not include flooding due to other causes such as blockages and collapses.</p> <p>Properties that have had previously completed schemes unless an intervention is deployed that creates additional sewer capacity beyond that provided by the original project therefore providing an additional modelled flood risk benefit.</p> <p>Properties where construction is underway at 30th June 2019 and excluding 2019-20 planned hydraulic modelling for network investigations and modelling risk for proposed development.</p>
Reporting and assurance	<p>The company must publish independent reports of the assessment audit of the baseline position and then further audits of assessment of any changes in the risk position claimed within the year for each year between 2020 and 2025. If changes are necessary to the methodology or underlying data, the reports will make an assessment of any potential impact on reported performance and state the impact on the baseline position and any earlier reported years.</p>
Measurement unit and decimal places	The number of modelled external flooding incidents to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	In-period

Unique Reference	PR19UU_ G06-WWN
and outperformance payments	
Price control allocation	100% wastewater 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	254.53	232.33	210.13	187.93	165.73
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		289.93	301.03	312.13	323.23	334.33
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		153.43	131.23	109.03	86.83	64.63
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.042
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.042
Outperformance payment - enhanced	NA

Annex 1: Key performance commitments for United Utilities

Details of the key performance commitments that we present in Table 1.2 of 'PR19 final determinations: United Utilities 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"> 20% reduction in pollution incidents by 2024-25* 	$\frac{(19.5 - 24.4)nr/10000km}{24.4nr/10000km} \times 100 = -20\%$
<ul style="list-style-type: none"> 73% reduction in internal sewer flooding incidents by 2024-25* 	$\frac{(1.34 - 4.94)nr/10000km}{4.94nr/10000km} \times 100 = -73\%$
<ul style="list-style-type: none"> 58% reduction in water supply interruptions by 2024-25* 	$\frac{5min - 11min50sec}{11min50sec} \times 100 = -58\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 34% reduction in customer contacts about drinking water quality by 2024-25 	$\frac{(1.22 - 1.85)nr/1000population}{1.85nr/1000population} \times 100 = -34\%$
<ul style="list-style-type: none"> 28% reduction in customers receiving low pressure by 2024-25 	$\frac{(0.58 - 0.81)nr/10000connections}{0.81nr/10000connections} \times 100 = -28\%$
<ul style="list-style-type: none"> 11% reduction in sewer blockages by 2024-25 	$\frac{(19,320 - 21,686)nr}{21,686nr} \times 100 = -11\%$
<ul style="list-style-type: none"> 22% reduction in external sewer flooding incidents by 2024-25 	$\frac{(5,859 - 7,502)nr}{7,502nr} \times 100 = -22\%$

<ul style="list-style-type: none"> • 20% increase in the number of customers lifted out water poverty through the company's financial assistance programmes by 2024-25 	$\frac{(66,500 - 55,400)\text{customers}}{55,400\text{customers}} \times 100 = +20\%$
<ul style="list-style-type: none"> • 75% customer satisfaction for value for money by 2024-25 	<p><i>The metric for this performance commitment is a percentage point</i></p>

*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.

Annex 3: Glossary of key terms for PR19UU_ C08-CF 'enhancing natural capital value for customers'.

Key Term	Definition	Evidence/reference (if applicable)
Added value	The benefits to customers and the environment provided by ecosystem services that enhance the natural capital beyond statutory or regulatory requirements.	
Alternative or Integrated or non-conventional solution	A solution that is not conventional but incorporates green solutions and / or catchment solutions to deliver on regulatory requirements and deliver added value	
Baseline natural capital	The current situation at the time of the investment which also reflects future trends (including delivery of future regulatory requirements). This allows the estimation of costs and benefits both when the supply (or quality) of goods and services are increased relative to current baseline, and when a deterioration of natural capital is halted.	NCC (2015) - The Economic Case for Investment in Natural Capital in England
Best value	Solutions where the whole life cost and added value (evidenced by willingness to	

Key Term	Definition	Evidence/reference (if applicable)
	<p>pay) gives the greatest cost-to-benefit ratio across wholesale</p> <p>This will be assessed using cost benefit analysis assessment.</p>	
Catchment intervention	<p>Catchment management options are those which use changes in land use, larger scale changes in activities (eg agricultural practices) and/or larger scale natural processes to deliver outcomes for water/wastewater services for customers. Catchment management options can also be used to deliver other obligations or ambitions such as for the environment (water quality and sustainability outcomes).</p> <p>The nature of catchment management options means that they often require partnership working to be effective and may provide multiple benefits through a single scheme, some of which might be societal and intergenerational in nature.</p>	Ofwat – Table WS18 line 3 UU PR19 submission plan

Key Term	Definition	Evidence/reference (if applicable)
Conventional solution	<p>An intervention to provide an outcome that is demonstrably valued by customers, spending on which is directed principally on the construction of new hard engineered assets, the enhancement of existing hard engineered assets or the augmentation of the operation of an existing hard engineered asset.</p> <p>A conventional solution also includes any existing operational activity undertaken outside of a capital scheme which has the potential to be improved to deliver added value.</p>	Water industry standards for water and wastewater treatment
Ecosystem services	<p>Functions and products from nature that can be turned into benefits with varying degrees of human input. Examples include products such as food and clean water, protection from hazards such as regulation from floods, wildlife, and non-material benefits such as recreational benefits. The term "services" is usually used to encompass the tangible and intangible benefits that humans obtain from ecosystems, which are</p>	UK National Ecosystem Assessment Millennium Ecosystem Assessment

Key Term	Definition	Evidence/reference (if applicable)
	<p>sometimes separated into "goods" and "services".</p> <p>For the purpose of this performance commitment this only includes services which customers have shown a preference for. These are water quality, biodiversity, climate change, flooding, health & wellbeing and recreation & amenity.</p>	
Ecosystems	Ecosystems are a dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit.	NCC (2015) - The Economic Case for Investment in Natural Capital in England
Enhanced ecosystems	See enhancement of natural capital	
Enhanced environmental outcomes	See enhancement of natural capital	
Enhanced services	See enhancement of natural capital	

Key Term	Definition	Evidence/reference (if applicable)
Enhanced value	See added value	
Enhancement of natural capital	Improvement of natural capital assets and the ecosystem services they provide to some target condition (e.g. "good" from a "moderate" WFD status) or extent from a baseline, based on human and economic actions.	NCC (2015) - The Economic Case for Investment in Natural Capital in England
Flexible operating agreement	Refers to Operating Techniques Agreement developed with reference to the planning, permitting and compliance principles outlined by the Environment Agency, which sets out a flexible permitting approach to meet Water Framework Directive objectives, via an integrated approach, of both improved WwTW effluent quality and catchment solutions, to deliver regulatory requirements and added value to ecosystem services.	Environment Agency's position statements (Catchment Permitting (October 2018) and Catchment Nutrient Balancing (October 2018))
Green solutions	Nature-based technologies, systems, assets, or interventions that provide social, environmental and/or economic value. In this performance commitment it	SUDS manual; guidance manual for constructed wetlands: updated 11/11/2015.

Key Term	Definition	Evidence/reference (if applicable)
	refers to physical, soft-engineered assets such as SuDS (sustainable urban drainage solutions, "green infrastructure") and wetlands.	
Holistic planning	Working in partnership with multiple stakeholders to develop long-term aligned plans that address risks and needs (identified through holistic risk assessment) to deliver improvements to ecosystem services at catchment scale.	
Holistic risk assessment	Working in partnership with multiple stakeholders to understand and prioritise risks and needs that deteriorate or compromise ecosystem services at catchment scale.	
Infrastructure enhancement	Improvements made on existing infrastructure. Refers to physical, manufactured, hard-engineered assets.	
Innovative finance	Leveraging of multiple sources of environmental investment to improve natural capital and deliver holistic plans. This benefits customers by aligning water	

Key Term	Definition	Evidence/reference (if applicable)
	company funding to other investors to deliver more for less.	
Integrated catchment approach	Incorporation of ecosystems services with asset management through natural capital valuation. This moves the water company away from a linear model of asset versus catchment, water versus wastewater divide, and more towards a systems thinking model.	
Investment beyond statutory requirements	See definition for added value	
Investment	Any costs associated with delivering a scheme or undertaking operational activities.	
Operating Technique	Agreed method for how catchments will be operated through both improved WwTW effluent quality and catchment solutions as part of a flexible operating agreement	Environment Agency's position statements (Catchment Permitting (October 2018) and Catchment Nutrient Balancing (October 2018))

Key Term	Definition	Evidence/reference (if applicable)
Low technology	Soft-engineered technologies (see definition for green solutions)	
Manages risk to the environment	The company will bear the risk that if a solution does not deliver costs savings and environmental risk reduction that they will incur a performance commitment penalty. The delivery risk of environmental benefit will be managed by the water company through, for example, Asset Standards or EA permitting.	
Multiple benefits	See added value	
Multiple needs	See holistic risk assessment	
Natural capital	See natural capital assets	
Natural capital approaches	See natural capital assets	
Natural capital assets	Assets provided by nature with the capacity to generate ecosystem goods and services. The elements of nature that directly or	NCC (2015) - The Economic Case for Investment in Natural Capital in England

Key Term	Definition	Evidence/reference (if applicable)
	<p>indirectly produce value and benefit to people, including species; ecological communities (a group of actually or potentially, interacting species living in the same place); soils; freshwaters; land; atmosphere; minerals; sub-soil assets; oceans; coasts.</p>	
<p>Natural Capital tools</p>	<p>Industry standard tools used to calculate the natural capital value.</p> <p>To measure the value of natural and social capital created the company will use a tool called B£ST (Benefits of SuDS Tool). The B£ST Tool was first created in 2015 through a project commissioned by CIRIA (the Construction Industry Research and Information Association – an independent, member based, not-for-profit research organisation). The B£ST tool was developed through understanding the potential range of benefits that a SuDS (sustainable drainage system) could provide. These benefits were then quantified as a monetary equivalent value using a range of</p>	

Key Term	Definition	Evidence/reference (if applicable)
	<p>potential valuation data sources and methods.</p> <p>The company will use the updated 2019 version for the calculation of its performance commitment.</p>	
Natural Capital Value	See natural capital assets	
Non-statutory services	See added value	
Nutrient recovery	<p>Extracting nutrients from waste streams which can be reused rather than being lost. This will reduce the need for generation and purchase of new materials</p>	
Offsetting	<p>Delivering elements of environmental obligations through catchment solutions to reduce the level of investment required through green or conventional solutions. These may include</p>	

Key Term	Definition	Evidence/reference (if applicable)
	natural capital offsetting where one ecosystem service is offset with a different one.	
Regulatory/statutory requirements	Improvement and maintenance actions which the Water Industry is required by law to deliver/perform.	Water Industry National Environment Programme (WINEP) Statutory requirements (licences, net gain, etc.)
Siloed investment	Investment which is undertaken from the view of one stakeholder and does not consider the needs of the broader catchment	
Soft-engineered asset solutions	See green solutions	
Totex	Total expenditure (opex and capex) within AMP7	
WINEP scheme	A scheme which is named in the Water Industry National Environment Programme	Water Industry National Environment Programme (WINEP)

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

Ofwat
Centre City Tower
7 Hill Street
Birmingham B5 4UA

Phone: 0121 644 7500
Fax: 0121 644 7533
Website: www.ofwat.gov.uk
Email: mailbox@ofwat.gov.uk

December 2019

© Crown copyright 2019

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information, you will need to obtain permission from the copyright holders concerned.

This document is also available from our website at www.ofwat.gov.uk.

Any enquiries regarding this publication should be sent to us at mailbox@ofwat.gov.uk.

