

December 2019

PR19 final determinations

Wessex Water – Delivering outcomes for customers final decisions

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

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

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

Each performance commitment has a unique reference. The prefix ‘PR19WSX’ denotes Wessex Water.

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

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

Table 1: Wessex Water - Representations in response to the draft determination

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Company level	ODI rate	N/A	The company states that it does not support the use of reasonable ranges for specific performance commitments. It states that its customer research and triangulation accurately reflect customer preferences and says it has been widely praised as being of a high quality. It states it should not be forced to align its incentive rates to those of companies whose customer research is of a lower quality. It states that quality of research should be taken into account when constructing reasonable ranges, and states we have not followed this approach.	<p>No change for the final determination.</p> <p>We use reasonable ranges as companies’ proposed ODI rates vary considerably, in ways we are unable to correlate to plausible drivers of underlying customer preferences. To mitigate the risk of methodological differences leading to ODI rates which depart significantly from underlying customer preferences, we use reasonable ranges in one of our assessment checks, on the premise that a range based around the sector average will reduce the influence of the unexplained variance. We do not use the reasonable range mechanically in assessing (or intervening) in companies’ ODI rates, and we place a high weight on companies’ customer research through our horizontal checks. An ODI rate being outside of the range does not automatically lead to an intervention (similarly an ODI</p>	N/A

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				rate being inside the range does not automatically mean we accept it). If we identify no issues with the company's willingness to pay research, and no other checks indicate problems then we do not intervene even when the ODI rates are outside of the reasonable range.	
Per Capita Consumption (PCC) PR19WSX_W2	Performance commitment levels	No intervention at draft determination.	The company does not provide a representation on its per capita consumption performance commitment level but provides a revised 2019-20 forecast. This results in a worse absolute per capita consumption level of 132.5 l/p/d in 2024-25 than was expected to occur using the previous 2019-20 forecasts, as a result of basing the 2019-20 value on 3 year averages.	No change for the final determination. We acknowledge the impact that the 2019-20 forecast change has on the potential absolute performance level in 2024-25. We also recognise that, in advance of final actual performance data in 2019-20, to which the performance commitment percentage reductions will apply, we do not know the final absolute performance level for 2024-25.	N/A
Mains Repairs PR19WSX_R4	Performance commitment levels	The intervention we made at draft determination was to set the tier one performance commitment levels to the following values 2020-21 = 145.7 2021-22 = 145.7 2022-23 = 145.7 2023-24 = 145.7 2024-25 = 145.7 Units: Number of mains repairs per 1,000km.	The company proposes different performance commitment levels compared to the draft determination, the values are: 2020-21 = 165.0 2021-22 = 164.0 2022-23 = 164.0 2023-24 = 163.0 2024-25 = 163.0 Units: Number of mains repairs per 1,000km. The company states that the performance commitment levels set in the draft determination for mains repairs is not credibly achievable. It states that historical performance has consistently been better than its serviceability performance commitment, although it has varied year-on-year primarily due to weather conditions. The company states that our policy does not recognise the clear linkage evidenced in many companies' research between finding leaks and needing to repair mains does not exist and is supported by practical, real-life expertise that shows the main method of reducing leakage is, and will continue to be, 'find and fix', which requires the company to repair mains. The company states customers are not impacted by a mains repair in	Change for the final determination. The company does not provide new evidence but restates conclusions from its April 2019 revised business plan and an associated 30 page consultancy report on the issue. The company does not provide a quantified relationship between the increase proposed and the benefit to leakage reduction. Although we consider that the company does demonstrate a link between pro-active mains repairs and leakage levels, it does not provide sufficient or convincing evidence to justify the level of increase in mains repairs proposed. Based on the data and evidence provided by all companies, our conclusion is that there is a link between increasing pro-active mains repairs and reducing leakage. However, the data is too inconsistent and inconclusive on reducing reactive repairs to enable quantification of the future impact on leakage levels by conducting additional mains repairs. Therefore we increase the performance commitment levels for mains repairs by a reducing percentage, for all companies, in all years, reducing the stretch. The aim is to allow all companies the flexibility to deliver the improvement in leakage reduction, allowing more flexibility in the earlier years to use proactive mains repairs to reduce leakage. The company states that its historical performance has varied year-on-year primarily due to weather conditions, however the company does not provide any analysis or evidence that the	We set the performance commitment levels to the following values: 2020-21 = 161.4 2021-22 = 159.1 2022-23 = 156.9 2023-24 = 154.6 2024-25 = 152.4 Units: Number of mains repairs per 1,000km

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			<p>terms of the level of service they receive and that the cost of the alternative – mains replacement – is uneconomical and undeliverable at the level that would be required to deliver a 15% reduction in leakage.</p>	<p>annual fluctuations are correlated to any specific factors. For this reason, we consider that the company does not provide sufficient and convincing evidence to support its statement regarding year-on-year variability.</p> <p>For the final determination, we amend the base levels of mains repairs (before the leakage allowance is added) to an average of the best five years performance. We now consider the use of best five historical years to set the forward looking base level provides a more representative performance commitment level (than three years) and ensures companies maintain good performance to improve the overall health of the assets over the longer-term.</p> <p>Please refer to the ‘Delivering outcomes for customers policy appendix’ for more detail on this sector wide change</p>	
<p>Unplanned outage PR19WSX_R5</p>	<p>ODI rates</p>	<p>At draft determination, we intervened to increase the company’s underperformance payment to the industry average (-£0.368m).</p>	<p>The company states that its supply network is highly interconnected, and so the impact of an unplanned outage is minimal, as another treatment works can supply customers whilst maintenance is performed. It claims that this allows it to have a maintenance schedule that optimises costs, which may involve delaying the maintenance work for several days. It states this approach is optimal given its network environment, and so proposes an incentive rate based on the short run marginal costs of switching to its most expensive alternative water supply.</p> <p>The company states that our proposed rate, which is over 300 times larger than its proposals, would incentivise it to change its maintenance scheduling to a more expensive and less efficient approach. It also notes there is a wide range of company valuations for unplanned outages, demonstrating the wide range of approaches and resilience of company systems. It proposes reverting the underperformance rate to -£0.0012m, its April 2019 revised business plan proposal.</p>	<p>Change for the final determination.</p> <p>The company calculates its ODI rate on unplanned outages using the short run marginal cost of switching to its alternative water supply as it considers that it has redundancy in its system which means there is minimal risk of customer impact. However, the primary purpose of the performance commitment is to measure the health of the assets as a proxy for risk to service. The PR19 definition states: ‘This measure is to be used as a means of assessing asset health (primarily for non-infrastructure – above ground assets), for water abstraction and water treatment activities’. If the number and duration of unplanned outages increases, the risk to service increases, regardless of the existing mitigations or redundancies in the company’s system.</p> <p>We consider that the measure incentivises the company to improve performance in an efficient way for two reasons:</p> <p>First, the performance commitment incentivises resolution of larger outages. Therefore, we consider it appropriate to focus maintenance scheduling on such outages.</p> <p>Secondly, the longer an outage lasts, the higher the risk of coincident outages or issues that further increases the risk of the customer being impacted. For this reason the performance</p>	<p>We change the company’s underperformance rate to -£0.243m/ percentage of production capacity.</p>

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				<p>commitment incentivises companies to focus on outages that are over 24 hours long.</p> <p>The company's proposal to use the marginal cost of supply from the next most expensive source does not align with the risk that the unplanned outage performance commitment is trying to capture. The measure is not dis-incentivising the operational inefficiencies of using more expensive sources, instead it is preventing the reduction of operational headroom or redundancy within the supply system, putting customers' supplies at risk.</p> <p>The company's proposed rate is significantly below our view of the reasonable range. It is therefore a concern that customers may not be appropriately protected from poor performance in the form of long term asset health.</p> <p>We recognise that the company does have an interconnected network and the company was identified as a relatively good performer in our 'Out in the Cold' report on the response to the Freeze/Thaw incident. On this basis we deviate from our standard methodology and change our intervention to set the company's rate at the lower bound of the reasonable range instead of the industry average.</p>	
<p>Internal sewer flooding PR19_WSXF1</p>	<p>ODI rates</p>	<p>We intervened at draft determination to set the company's ODI rates at the level implied by its primary stated preference research. This resulted in underperformance and outperformance payment rates of -£4.715 million and £3.296 million per incident per 10,000 connections, respectively.</p>	<p>The company states that we set its ODI rates using the results of a single piece of research, rather than triangulating across its research. It states that we consider its customer research and triangulation to be high quality.</p> <p>The company states that the draft determination ODI rates do not reflect its customers' preferences. It claims that one of our justifications in the draft determination is to limit its incentives following strong outperformance in the 2015-20 period, and states this is in clear opposition to our intention of rewarding efficiency and innovation.</p> <p>The company states that it does not support the use of reasonable ranges for this performance commitment. It sets out that its customer research and triangulation accurately reflect customer preferences and says it has been widely praised as</p>	<p>Change for the final determination.</p> <p>The company's customer research on this measure has resulted in a wide variation in customer valuations. We have concerns regarding the wide range in customer values for the performance commitment and that this results in an ODI rate significantly above the reasonable range.</p> <p>The company has outperformed in the 2015-20 period and has a lower than average stretch and so has a credible incentive to overstate its incentive rates for 2020-25 in the expectation of outperforming again.</p> <p>The company placed its highest weighting on its PR19 stated preferences in its April 2019 revised business plan, and we assess this research as the best quality. We do not identify specific issues with the company's other pieces of research. We note that two pieces of research with very high valuations are weighted at just 1%, indicating a low level of confidence in these</p>	<p>We change the company's ODI outperformance rate to £5.690m/ incident per 10,000 connections and the ODI underperformance rate to -£5.690m/ incident per 10,000 connections.</p>

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			<p>being of a high quality. It states that it should not be forced to align its incentive rates to those of companies whose customer research is of a lower quality.</p> <p>The company provides details of the willingness to pay values and weightings used to construct its proposed financial incentives, and notes the result is close to the median values proposed in company business plans. The company proposes reverting to the outperformance and underperformance rates proposed in its business plan, £7.1m and -£11.9m per incident per 10,000 properties respectively.</p>	<p>figures, but their size is such that they have an outsized impact on the proposed ODI rate even with low weightings.</p> <p>We change our draft determination ODI rate. We set the outperformance rate by triangulating between the company's proposed value and the average of the reasonable range, to account for its level of stretch and the credible incentive to overstate its rates.</p> <p>When considering the performance commitment package as a whole, we consider whether the balance of incentives for particular performance commitments is appropriate at both an industry and company level. We set all companies' underperformance rates symmetrically to outperformance rates to provide a more balanced spread of incentives and risk on internal sewer flooding.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.</p>	
<p>Internal sewer flooding</p> <p>PR19_WSX_F1</p>	<p>Enhanced ODIs</p>	<p>At draft determination we intervened to set the company's internal sewer flooding enhanced ODI rate in line with our estimate of the benchmarking externality. We set the outperformance underperformance enhanced ODI rates at £22.292m and -£22.292m per incident per 10,000 connections respectively.</p>	<p>The company requests that its enhanced incentive rates for its internal sewer flooding performance commitment are set at the values it proposes in its business plan. The company states that the rates are supported by customers and based on research and triangulation that we have called 'high quality'. The company states that its incentive to continue to outperform is severely reduced by decreasing its incentive rates.</p>	<p>Change for the final determination.</p> <p>We estimated a benchmarking externality at draft determination that took into account the wider benefits to all customers from a company achieving frontier shifting levels of performance. This formed the basis of our interventions. The company's customer research is designed to elicit the benefit accrued to its own customers. The company's customer willingness to pay research is incorporated as one element of our calculation of the enhanced ODI rate benchmarking externality that is used as the basis for our intervention. The 'Delivering outcomes for customers policy appendix' sets out the step by step calculation.</p> <p>We have reassessed the company's customer research and reached the same conclusion as our draft determination. We conclude that the company's acceptability research does not explicitly reference its enhanced outperformance rates and is not sufficient evidence to change our methodology or intervention set out at draft determination.</p> <p>We retain the same methodology that we used to assess enhanced ODI rates at draft determination. We update the data on standard ODI rates used to calculate the benchmarking externality for final determination and corrected any errors in our</p>	<p>We change the company's enhanced outperformance and underperformance ODI rate to £18.177m/ incident per 10,000 connections and -£18.177m/ incident per 10,000 connections respectively.</p>

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				draft determination calculations. As a result the enhanced ODI underperformance and outperformance rate on this performance commitment are changing for the final determination. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	
<p>Risk of severe restrictions in a drought</p> <p>PR19WSX_R2</p>	Performance commitment level	<p>The intervention we made at draft determination was a sector wide action:</p> <p>The company should provide a full set of intermediate calculations (at a zonal level), for the underlying risk calculation (both baseline levels and performance commitment).</p> <p>The company should confirm that its performance commitment levels are reflective of their water resources management plan position. This should include the potential that they will have access to drought orders and permits</p> <p>The company should confirm which programmes of work will impact its risk profile forecasts.</p>	<p>The company states that it operates within a single water resource zone therefore no intermediate calculations at a zonal level are required.</p> <p>The performance commitment level, set at zero, is reflective of both the company's final published Water Resources Management Plan, in which the company confirms positive actual headroom remaining over the planning horizon for a dry year planning scenario, and the company's security of supply index.</p> <p>The company does not anticipate the need for any drought orders and permits over the period. There are no current programmes of work or schemes that will impact its forecasts.</p>	<p>No change for the final determination.</p> <p>We consider that the additional evidence the company provides shows consistency with the company's Water Resources Management Plan, which shows that a risk level of zero to be appropriate.</p> <p>The company provides sufficient evidence and we retain our draft determination performance commitment levels.</p>	N/A
<p>Risk of sewer flooding in a storm</p> <p>PR19WSX_R3</p>	Performance commitment level	<p>At draft determination we intervened to set out that the company should confirm that it is:</p> <p>(i) using the updated parameters in the catchment vulnerability assessment (and setting out any additional criteria that it intends to use);</p> <p>(ii) reporting the extent to which it uses 2D or simpler modelling; and</p>	<p>The company proposes different performance commitment levels compared to the draft determination, the values are:</p> <p>2020-21 = 12.93 2021-22 = 11.93 2022-23 = 9.45 2023-24 = 8.91 2024-25 = 8.37</p> <p>Unit = percentage of population (%)</p> <p>The company states it has completed its calculations on its catchments and therefore wishes to update its performance commitment levels based</p>	<p>Change for the final determination.</p> <p>We consider that the evidence the company provides is sufficient and convincing to show that it requires a change to its starting level and interim levels in order to comply with the latest guidance. We published updated guidance in April 2019 to reduce any ambiguity so that companies could report more consistently. We consider that the amendments to the performance commitment levels are needed because the company will be including areas that it was not previously intending to report on. The improvement on the metric across the 2020-25 period suggests a significant improvement in the company's model coverage over the 2020-25 period, which is to be welcomed.</p>	<p>We revise the performance commitment levels to align with the company's proposal, the levels are:</p> <p>2020-21 = 12.93 2021-22 = 11.93 2022-23 = 9.45 2023-24 = 8.91 2024-25 = 8.37</p> <p>Unit = percentage of population (%)</p>

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		<p>(iii) adopting FEH13 rainfall as standard, and if not, when it expects to do so.</p> <p>We also asked the company to provide any modelling assumptions and full reporting tables from the model and confirm it will achieve 100% model coverage by April 2020.</p>	<p>on the new full set of information and in line with the latest guidance, published by Ofwat in April 2019. The company provides a letter in July 2019 to explain this. The company states the majority of improvement will come from better information, such as higher model coverage.</p>		
<p>Sewer Collapses</p> <p>PR19WSX_R6</p>	<p>Performance commitment level</p>	<p>We set the performance commitment levels to the following values:</p> <p>2020-21 = 17.08 2021-22 = 16.06 2022-23 = 15.04 2023-24 = 14.02 2024-25 = 13.00</p> <p>Units: Sewer collapses per 10,000 km of sewer.</p>	<p>The company proposes performance commitment levels different to the draft determination, the values are:</p> <p>2020-21 = 6.3 2021-22 = 6.3 2022-23 = 6.3 2023-24 = 6.3 2024-25 = 6.3</p> <p>Units: Sewer collapses per 10,000 km of sewer.</p> <p>The company does not challenge the draft determination performance commitment levels, but also provides no commentary to confirm that it has accepted the new levels. However, in a letter sent to us in July 2019 and in a response to a query, the company states it re-examined its reporting in light of the revised definition, which resulted in a reduction in the reported collapses by 74%. An auditor report is also included which verifies the reporting to be in line with the definition.</p>	<p>Change for the final determination.</p> <p>The company provides little detail on what has changed in its reporting to explain the differences. However, all companies proposed the definitional changes themselves through a Water UK collaboration and compliance against the definition has been independently audited. Therefore we consider the revised reporting to be in line with the revised definition.</p> <p>A performance commitment level of 6.3 is better than the 'good' level (8.0) as set out in the 'Delivering outcomes for customers policy appendix' and is almost aligned to the forecast upper quartile. The company states the level of 6.3 is based on historical average performance, so does not represent an improvement.</p> <p>We align the performance commitment levels to the company's proposal, as the company is one of the leading performers in this measure based on its revised reporting, therefore we do not require them to demonstrate improvement in performance for the 2020-21 to 2024-25 period.</p>	<p>We revise the performance commitment levels to align with the company's proposal, the levels are:</p> <p>2020-21 = 6.33 2021-22 = 6.33 2022-23 = 6.33 2023-24 = 6.33 2024-25 = 6.33</p> <p>Units: sewer collapses per 10,000 km of sewer.</p>
<p>Sewer collapses</p> <p>PR19WSX_R6</p>	<p>ODI rates</p>	<p>We intervened to increase the company's standard underperformance rate to -£0.388 million per collapse per 10,000km sewer.</p>	<p>The company states that our use of the average of the reasonable range to set its ODI rate is inappropriate, and that quality of research should be taken into account when setting reasonable ranges.</p> <p>It states that we consider its customer research and triangulation to be high quality and so this should be used instead. It provides details of the willingness to pay values and weightings used to construct its proposed financial incentives.</p>	<p>Change for the final determination.</p> <p>The company's ODI rate was within our reasonable range in our draft determination, but we raised it to the average of the reasonable range as we assessed it to be a poor performer. Following a definition change the company is now classified as a good performer and no longer fails the past performance check.</p> <p>We receive representations from several companies stating that the median and interquartile range is a more appropriate basis</p>	<p>We change the underperformance payment rate to -£0.125m per collapses per 1000km of sewer network</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>The company proposes reverting to the underperformance rate it proposed in its business plan of -£0.230m per sewer collapse per 10,000km. It notes this figure is within our reasonable range.</p>	<p>on which to construct the ODI reasonable range. We use the reasonable range to benchmark companies' proposed ODI rates and as a data input for setting a revised rate where a change to the company proposal is necessary. We consider this carefully for all performance commitments where we use the reasonable range as part of our testing. As a consequence we are moving to a reasonable range defined by the median and interquartile range for low pressure, sewer collapses and sewer blockages. Where we have intervened at draft determination to set a company's ODI rate using the reasonable range we are changing our draft determination so that the rates align with our updated view of the reasonable range, defined by the median and interquartile range.</p> <p>For further details on our assessment of how we construct the reasonable range see our 'Delivering outcomes for customers policy appendix'.</p>	
<p>Water quality customer contacts (appearance, taste and odour)</p> <p>PR19WSX_Q2</p>	<p>ODI rates</p>	<p>We intervened at draft determination to set the underperformance rate to -£0.99m per contact per 1,000 population.</p>	<p>The company states that our triangulation at draft determination is arbitrary and does not reflect its customers' preferences. It states we consider its customer research and triangulation to be high quality and so this should be used instead.</p> <p>It provides details of the willingness to pay values and weightings used to construct its proposed financial incentives. It notes that none of its eight pieces of research imply financial incentives as large as those proposed in our draft determination.</p> <p>The company proposes reverting to the outperformance and underperformance rates proposed in its business plan, £0.19m and -£0.19m per contact per 1,000 customers respectively.</p>	<p>Change for the final determination.</p> <p>The company provides detailed evidence of its willingness to pay values and weightings used to construct its financial incentives. The company's evidence is not sufficiently detailed to allow us to assess the underlying customer research associated with these eight pieces of research. We assess the company's triangulation approach as reasonable.</p> <p>The company does not provide an explanation of why its proposed rate is so much lower than the rate from the 2015-2020 period. We remain concerned that the company's proposed rate is significantly below the reasonable range and is lower than its implied rate for 2015-20. The company performed poorly in the 2015-20 period and is forecast to earn a net underperformance payment over the period. The company's evidence is not sufficient to change our view that its rate should be triangulated with industry information and its equivalent ODI underperformance rate from the last period.</p> <p>We do, however, change the company's ODI rate for final determination, given the rate implied by our intervention is significantly higher than the rate implied by the company's customer research. We change the rate to triangulate with the lower bound of the reasonable range rather than the industry average. We continue to use the company's proposed 2015-20</p>	<p>We change the underperformance rate by re-triangulating with the industry lower bound and 2015-2020 period rate and setting the outperformance payment rate at the underperformance payment rate divided by 1.2.</p> <p>This results in an underperformance payment rate of -£0.603m and an outperformance payment rate of £0.503m per contact per 1,000 population.</p>

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				ODI rate in its April 2019 revised business plan and the company's proposed 2020-25 ODI rate in the triangulation.	
Lead communication service pipes replaced (Wessex Water assets) PR19WSX_Q4	Performance commitment definition	No intervention at draft determination.	The company proposes to amend its performance commitment definition to allow it to rehabilitate lead pipes as well as replace them. The company notes similar performance commitments from Welsh Water and Thames Water allow rehabilitation. The company states that pipe rehabilitation provides the opportunity to deliver the outcome in a less intrusive way than replacement, reducing inconvenience to customers. It further states that a change in definition would allow it to maximise the opportunity for cross-industry collaboration, and allow it to take advantage of any future innovations developed to reduce the health risk posed by lead pipes.	Change for the final determination. We consider that the company should not be restricted to delivering this outcome in a potentially less cost-effective way and note that we have included this flexibility in other companies' performance commitments. We intend to ensure that the company accounts for any negative impacts of alternative methods, such as reduced capacity from new pipe linings, which could lead to pressure reductions. This should ensure that we do not encourage alternative methods unless confirmed that they do reduce lead health risks and do not cause other problems.	We change the definition to not restrict this performance commitment to lead pipe replacement activities only when other methods of delivery (like pipe lining or other future rehabilitation methods) may deliver the same or better customer outcomes more cost-effectively.
Event risk index (Water) PR19WSX_Q5	Performance commitment level	Our intervention at draft determination was to set performance commitment levels to: 2020-21 = 10 2021-22 = 10 2022-23 = 10 2023-24 = 10 2024-25 = 10 Units: Event Risk Index score	The company states that as 2018 data is now available we should set the performance commitment level at the average of 2017 (10.1) and 2018 (15.4) upper quartiles. The company therefore proposes the following profile: 2020-21 = 12.8 2021-22 = 12.8 2022-23 = 12.8 2023-24 = 12.8 2024-25 = 12.8 Units: Event Risk Index score	Change for the final determination. In principle, we agree with the company's proposal and consider that the latest data should be used if available, despite the fact that industry performance in 2018 deteriorated relative to 2017, which leads to a slightly lower performance commitment level of 12.8. This is still more stretching than the original 13.72 level proposed by the company. On balance, we consider the company provides sufficient and convincing evidence to update the performance commitment levels in line with its proposals.	We revise the performance commitment levels to: 2020-21 = 12.8 2021-22 = 12.8 2022-23 = 12.8 2023-24 = 12.8 2024-25 = 12.8 Units: Event Risk Index score
Event risk index (Water) PR19WSX_Q5	ODI type and ODI rates	Our intervention at draft determination was to set ODI rates to: Underperformance rate: -£0.48m/event risk index point Outperformance rate: £0.48m/event risk index point	The company states that its quantitative research shows that 66% of customers would be in support of a £6.56 increase in bill and 38% would be in support of a £13.12 increase. The company states that a majority of customers would therefore support a £10.30 increase in their annual bill, with an outperformance rate of £0.754m. The company states that our proposed incentive rate set on the basis of the £6.56 increase ignores	Change for the final determination. Event Risk Index measures how well companies respond to water quality events. The company is the only company proposing financial incentives. It considers that it is likely to face maximum underperformance payments in each year based on the draft determination. It was sixth in the industry in 2017 and eighth in 2018 in terms of performance. Event Risk Index is a new measure and there is some evidence of volatility. Industry performance deteriorated in 2018 and poor performers' scores can be 1000 times (worse) than that of the	We remove the financial incentives from the performance commitment and set the performance commitment to reputational.

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>customers that are willing to support a higher bill increase.</p> <p>The company states that should we accept the points made by the company regarding the stretch, collar and outperformance rate it would accept a total underperformance risk at double the outperformance risk. The company therefore requests that we set the underperformance incentive rate at £26,594 per index point.</p> <p>The company states that we provided no evidence at draft determination that aligning the underperformance rate with the outperformance rate is consistent with customer preferences.</p> <p>The company states that the level of the collar should be considered in relation to industry performance, as it is for all ODI incentive collars and therefore requests that we set the collar to the industry average of 402, rather than 19.</p> <p>The company states that our draft determination view would imply a collar at a level that would be equivalent to a 95% improvement to the industry average. It states that there is no other performance commitment and ODI where we impose or support a collar of this magnitude. The company states that had the rates been applied to its 2015-20 period performance the company would have incurred the maximum c. £4-5m in underperformance payments every year and that this is not appropriate for a company that is 95% better than the industry average.</p> <p>The company states that while it is comfortable that events caused by third party impacts should be included as part of this measure, it is clear that it would be inappropriate for it to face close to its maximum underperformance payment for a small number of events that are largely outside its control.</p>	<p>leading companies. For each incident the seriousness of an incident (1-5) is multiplied by the company response (1-5) and then by the population. This can lead to large scores and significant changes between years.</p> <p>On reflection, we are concerned that it is difficult to calibrate the appropriate stretch and ODI rate. The incremental benefits to customers for improving this metric by one unit are not robust because the measure is not linear. While improvements are clearly beneficial to customers it is difficult to quantify the incremental benefits for each unit of improvement.</p> <p>In view of this we consider that removing financial incentives from this performance commitment and for the performance commitment to be reputational only for 2020-25 to be appropriate.</p>	

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>The company proposes that if the above changes are not implemented, we should set the outcome delivery incentive as non-financial.</p>		
<p>Total bill reduction to customers on social tariffs per 10,000 households</p> <p>PR19WSX_A1</p>	<p>ODI rates and performance commitment definition.</p>	<p>Our intervention at draft determination was to remove outperformance payments, due to the risk of double counting the with the outperformance payments for the ‘Successful applications for assistance received by the independent advice sector/third parties’ performance commitment.</p>	<p>The company states that as the ‘total bills reduction’ performance commitment is the performance commitment that is guaranteed to give customers benefit (whatever mechanism is used to deliver it), that this performance commitment should have the outperformance payment reinstated.</p> <p>It proposes to remove the financial incentives on the ‘Successful applications for assistance received by the independent advice sector/third parties’.</p>	<p>Change for the final determination.</p> <p>The company did provide evidence of customer support for outperformance payments in its September 2018 business plan.</p> <p>The company is the only company to measure value of social tariffs as a total bill reduction, so we do not have comparable data from other companies. Instead the company bases its performance commitment levels on historical performance and the level of stretch for the performance commitment is based on maintaining the current level of growth. We consider these to be appropriately stretching, as they are targeting 30% increase over the period.</p> <p>We consider that the performance commitment will be of benefit to customers as the company is setting sufficiently stretching performance commitment levels which will see more customers receive help with their bills.</p> <p>Overall, we consider that the company provides sufficient and convincing evidence to include outperformance, as well as underperformance incentives for this performance commitment. We also amend the definition to include appropriate reporting and assurance.</p> <p>To remove the risk of double counting, we are removing the financial incentives on ‘Successful applications for assistance received by the independent advice sector/third parties’ in line with the company’s proposal.</p>	<p>We revise the performance commitment to include outperformance payments.</p> <p>Outperformance rate: £0.000011</p> <p>Units: £m/£ per 10,000</p> <p>We also update the performance commitment definition to include the following text in the performance commitment definition:</p> <p>‘Reporting and Assurance:</p> <p>The company will put appropriate measures in place to ensure financial support is directed towards customers who are most in need of support, and will provide evidence, alongside its Annual Performance Report submission, of how it has achieved this aim. This information will include how many customers overall have benefitted from the schemes in question, and a comment from CCWater as to the quality of the company’s efforts to target financial support.</p> <p>The company will publish a report at least bi-annually during the period, which includes an analysis of the ongoing payment resilience of customers who receive affordability support via social tariffs, along with proposals</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
					for any changes that could improve payment resilience.'
Total bill reduction to customers on social tariffs per 10,000 households PR19WSX_A1	Caps, collars and deadbands	Our intervention at draft determination was to remove outperformance payments. We did not set caps and collars at draft determination.	The company is requesting that the outperformance payment is reinstated.	Change for the final determination. In line with our decision to agree with the company's proposal to include outperformance as well as under performance incentives for this performance commitment, we are setting caps and collars as we consider that the company has a level of discretion and therefore it is uncertain for customers. To set the caps and collars we have used the company's P10 and P90 performance levels that it proposed in its representation (table OC 2.1).	We set underperformance collars to the following levels: 2020-21 = 53,642 2021-22 = 57,524 2022-23 = 61,338 2023-24 = 65,092 2024-25 = 68,804 Units: £ per 10,000 households. We set outperformance caps to the following levels: 2020-21 = 69,942 2021-22 = 79,032 2022-23 = 87,953 2023-24 = 96,719 2024-25 = 105,363 Units: £ per 10,000 households.
Successful applications for assistance received by the independent advice sector/third parties PR19WSX_A2	ODI type	No intervention at draft determination.	The company states that as there are several ways to achieve growth on social tariff numbers, it considers that having an outperformance payment creates a perverse incentive to favour this method (in relation to the 'Total bill reduction to customers on social tariffs per 10,000 households' performance commitment), potentially meaning that the company disproportionately focuses on this. It also states that 'Total bill reduction to customers on social tariffs per 10,000 households' is the key performance commitment that should be financially incentivised. The company proposes that we change the performance commitment to reputational only.	Change for the final determination. The company requests that this be made a reputational performance commitment, and we agree with the point that it is not the 'key' performance commitment in this area (see Total bill reduction to customers on social tariffs per 10,000 households) and that to incentivise both would risk double counting benefits. We consider the company provides sufficient and convincing evidence to remove the financial incentives and retain as a reputational performance commitment.	We change the performance commitment to reputational only.
Volume of water saved by water	Performance commitment definition	No intervention at draft determination.	The company states that the inclusion of the word 'residential' in the performance commitment definition precludes the performance commitment	Change for the final determination.	We revise the performance commitment definition by removing the word 'residential',

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
<p>efficiency engagement</p> <p>PR19WSX_W4</p>			<p>from covering activity with non-household customers. The company requests the word be removed so that the performance commitment covers its activities with non-household customers. The company also proposes to add in wording to the definition that would allow it to continually review its programme provided any changes are agreed by its Customer Challenge Group with advice from its technical auditor. The company states this change is appropriate given recent interest across the water industry as to how water wholesalers can support water efficiency programmes with non-households and a letter from us to water companies in May 2019 urging companies to do more in this area.</p>	<p>We have some concern around the level of governance being proposed in this area but consider that it would be disproportionate at this stage, given the reputational nature of the commitment, to alter the performance commitment further.</p> <p>We consider that if this performance commitment were to be considered for financial incentives in the 2025-30 period then further consideration would need to be given to the level of governance being applied to this measure and we would expect to intervene to ensure customers are sufficiently protected through more stringent governance and/or other arrangements. We consider that these arrangements already exist for other companies and that they could easily be transferred to the company should it wish to pursue financial incentives for this measure in future.</p> <p>We consider the company has provided sufficient and convincing evidence to update the performance commitment definition. We consider that promoting water efficiency programmes with non-household customers is in the interest of the wider water industry and providing a beneficial outcome to customers.</p>	<p>we also allow the company to add wording to the definition that would allow it to continually review its programme provided any changes are assured by its Customer Challenge Group.</p>
<p>Delivery of the Security (non-SEMD) scheme</p> <p>PR19WSX_SEC</p>	New performance commitment	N/A	<p>The company proposes a new performance commitment as a consequence of us disallowing 20% of the value proposed for Non-SEMD investment in our draft determination, due to lack of sufficient detail and suitable customer protection.</p> <p>The company states that the performance commitment will ensure sufficient customer protection through improved cyber security measures. The company proposes an underperformance payment only performance commitment that covers non-delivery of the scheme.</p>	<p>Change for the final determination.</p> <p>We consider that this new performance commitment provides additional customer protection in the event of non-delivery of its Non-SEMD investment and is therefore providing a suitable outcome.</p>	<p>We adopt this new financial performance commitment, which provides customer protection for delivery of the security (non-SEMD) outputs.</p> <p>We set the performance commitment levels at:</p> <p>2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 0 2024-25 = 0</p> <p>Units: Full calendar months that deliverables are late</p> <p>We set underperformance payments at -£0.0890m to be applied based on number of full</p>

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
					<p>months delay to achievement of deliverables.</p> <p>Additionally, we set a non-delivery payment of -£0.6608m which applies per deliverable in the 2024-25 year.</p>
<p>WINEP requirements (Bristol (Avonmouth) STW)</p> <p>PR19WSX_E13</p>	New performance commitment	N/A	<p>Wessex Water proposes a new cost claim for a 'flow to full' treatment and growth scheme at its largest sewage treatment works (Avonmouth) which we allow funding for. The company proposes a new associated underperformance only outcome delivery incentive to protect customers against delay delivery and non-delivery as follows:</p> <p>Underperformance (delay): £1.68m / year delay (to be based on half the value of the annualised benefits)</p> <p>Underperformance (non-delivery): £8.5m (to be based on the revenue received from customers for this scheme during the period)</p>	<p>Change for the final determination.</p> <p>We adopt the company's performance commitment, as we consider that we allow sufficient expenditure for the company to deliver this scheme. We consider that a new underperformance only delivery incentive mechanism is required to provide customer protection against delivery delays.</p> <p>Our policy is not to recover costs for Water Industry National Environment Programme (WINEP) requirements as if there is delay we expect these to be competed in the next period and will not make any further allowance in costs at PR24.</p> <p>However, we consider that it is important to have incentives for the company to deliver the scheme on time so that benefits start to be realised. We consider that measuring the delay in years may lead to disproportionate underperformance payments if the scheme is delayed for a short time. For large schemes we set incentives on the basis of the number of months delay using our standard approach.</p> <p>It is likely that any foregone benefit from the scheme will occur in the 2025-30 period, but this would be the result of delays in the 2020-25 period and so appropriate to have incentives for the 2020-25 period.</p>	<p>We adopt the performance commitment proposed by the company.</p> <p>We set the underperformance outcome delivery incentive rate for each months' delay as £0.0425m</p>
<p>C-MeX</p> <p>PR19WSX_X1</p>	All	We set a common performance commitment for all companies regarding residential customer satisfaction.	All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	See 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.
<p>D-MeX</p> <p>PR19WSX_X2</p>	All	We set a common performance commitment for all companies regarding developer customer satisfaction.	All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	All representations from companies and other stakeholders are summarised and assessed in the 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.	See 'Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'.

Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
			developer services measure of experience (D-MeX) policy appendix'.		experience (D-MeX) policy appendix'.

Table 2: Wessex Water - Representations from other stakeholders

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
CCWater	All performance commitments	ODIs	N/A	CCWater conducts additional customer research, finding that 77% of the company's customers found the potential impact of ODIs on their water bills over the period to be acceptable. It notes this is a lower level of acceptability than that achieved by the 'base' plan. It also states that the company's customer research evidence showed that customers have concerns about the principle of companies receiving financial rewards for delivering services, and the impact this might have on bills.	<p>No change for the final determination.</p> <p>We note the results of CCWater's research, which shows that the majority of customers support the bill impacts of our draft determinations including ODIs. Whilst there is a lower level of support than for our baseline draft determination, it is still a clear majority. We assess support for outperformance payments at a performance commitment-specific level, to most accurately reflect customer preferences.</p>	N/A
CCWater	All performance commitments	Performance commitment level	N/A	Overall CCWater notes the performance commitments set out in our draft determination for Wessex Water to be 'stretching, aligned with customer priorities and reflective of the evidence of customers' views established through the extensive engagement Wessex Water carried out during the development of its business plan.'	<p>No change for the final determination.</p> <p>We welcome the views from CCWater.</p>	N/A
CCWater	Leakage PR19WSX_W1	Performance commitment level	No intervention at draft determination.	CCWater states that it agrees with the proposed 15% leakage reduction, and the disallowance of enhanced expenditure, given that the company is not moving beyond the industry's upper quartile.	<p>No change for the final determination.</p> <p>We welcome the view from CCWater.</p>	N/A
CCWater	Internal Sewer Flooding PR19WSX_F1	Enhanced ODIs	At draft determination we set a standard enhanced outperformance threshold for the industry, over which companies would be able to receive enhanced outperformance payments.	CCWater states that it is concerned with the enhanced ODI incentive on the company's internal sewer flooding performance commitment. CCWater states that the level of stretch in performance is the lowest in the sector, and therefore questions whether the potential high reward for this measure can be justified, despite this being an area of service customers view as a priority.	<p>No change for the final determination.</p> <p>The threshold is set at a level above the current frontier performer. The enhanced outperformance threshold does not relate to the level of stretch in the performance commitment level, and the company would only be able to earn high rewards for industry leading, frontier performance. Therefore the potential for high rewards only exists for levels of performance that push the frontier.</p> <p>We retain the enhanced ODI methodology as set out in the draft determination, enhanced rewards are only available for companies that achieve and exceed frontier performance.</p>	N/A

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
Business Stream, UK Water Retailer Council	Non-household void sites	Performance commitment definition	<p>We set a bespoke performance commitment for some companies (Severn Trent Water, SES Water, South East Water, Thames Water, and United Utilities) regarding non-household void sites. We set a bespoke performance commitment for some companies (Severn Trent Water, Northumbrian Water, United Utilities, and Wessex Water) regarding non-household gap sites</p>	<p>Two retailer stakeholders (Business Stream, UK Retailer Water Council) welcome incentives to reduce non-household void and gap properties but said it significantly increases the likelihood of wholesalers unilaterally activating charges on retailers for void properties, introducing unmanageable cost and risk for retailers. They also note data quality issues in the market database.</p> <p>They also state that void and gap performance commitments are inconsistent in process, design and incentive rates. One representation proposes that we temporarily suspend the introduction of the PR19 incentives and charges for vacant properties until an industry-wide solution is agreed.</p> <p>They state that wholesalers might not share financial incentives with retailers, despite the costs of bringing vacant sites into charging potentially being incurred by retailers. One of the stakeholders proposes a consistent scheme for sharing payments with retailers.</p>	<p>Change for the final determination.</p> <p>With regards to the concerns raised in relation to the charging levels that wholesalers could apply to vacant properties and data quality issues, we are considering this point as part of our ongoing review of incumbent water company support for the development of effective markets. While we cannot require companies to share outperformance payments with retailers, we would expect this to be considered by companies given the joint role both play in identifying and reducing the level of gaps and void sites in the market.</p> <p>Retailers may deal with multiple wholesalers and so bespoke performance commitments can risk exacerbating market frictions from cumbersome wholesaler-retailer interactions. The Retailer Wholesaler Group (RWG) is developing a set of consistent processes for implementing financial incentives relating to business gaps sites and voids by April 2020. In April 2020 we will ask each of the six wholesalers with bespoke performance commitments on gaps or voids to set out the steps they have taken to ensure that the introduction of these bespoke performance commitments will not exacerbate problems associated with wholesaler-retailer interactions.</p> <p>It is possible that, at some time during the 2020-25 period, a common financial incentive on gaps and/or voids is developed by market participants (for example this could be developed as part of the reform of the Market Performance Framework). If industry was planning to introduce a common financial incentive on business voids, we would consider, with those companies which have bespoke performance commitments on business retail gaps and voids, the appropriate way to take such a measure into account in their future in-period determinations. For performance commitments relating to non-household gaps or void sites, we therefore include a clause which confirms that we will take into account the financial consequences of any retail market mechanism which may be developed, for example, under the Market Performance Framework, when making in-period determinations.</p>	<p>We include a clause for all relevant performance commitments which confirms that we will take into account the financial consequences of any retail market mechanism which may be developed, for example, under the Market Performance Framework, when making in-period determinations.</p>

Stakeholder	Performance commitment	Type	Our intervention for the draft determination	Summary of company representation	Our assessment and rationale for the final determination decision	Decisions for the final determination
					We discuss this topic in more detail in the 'Business retail market representations'.	

Table 3: Wessex Water - Changes to the draft determination not due to a representation

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
N/A	ODI rates	We intervened on some ODI rates at draft determination.	<p>Change for the final determination</p> <p>For final determinations we revise some ODI rates on which we have previously intervened due to updates in the underlying data used to calculate the ODI rates. In particular, we update the data on the number of connections to reflect the latest information available. In most cases this has only a small impact on the ODI rates.</p> <p>We update all ODI rates where we calculate a 'delay' or 'cost-recovery' rate using the weighted average cost of capital and/or other regulatory parameters to reflect the values we use in our final determination. We update the ODI rates to take account of the final cost assumptions and cost sharing rates for</p> <ul style="list-style-type: none"> • North Bristol Sewer Scheme - Trym catchment • Lead communication service pipes replaced (Wessex Water assets) • Length of river with improved water quality through WINEP delivery <p>We also make a small number of corrections for where we have identified errors in our draft determination calculations. The final ODI rates are specified in Wessex Water – Outcomes performance commitment appendix.</p>	We change ODI rates where the underlying data used to calculate the rate has been updated, or an error has been identified.
Water Quality Compliance (CRI) PR19WSX_Q1	Caps, collars, deadbands	<p>The intervention we made at draft determinations was to set a standard deadband which all companies were expected to adopt. The deadband profile for the Compliance Risk Index (CRI):</p> <p>2020-21 = 2.00 2021-22 = 2.00 2022-23 = 1.50 2023-24 = 1.50 2024-25 = 1.50</p> <p>Unit = Compliance Risk Index Score</p>	<p>Change for the final determination.</p> <p>We revise the deadband on the CRI to a score of 2.00 throughout the period reducing the risk of underperformance payments in the last three years of the 2020-25 period. This allows more flexibility in performance to take into account the uncertainty created by the ban on the use of metaldehyde being overturned by the High Court and also aligns with the median level of current company performance.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.</p>	<p>We set a revised standard deadband for all companies. The deadband profile for the Compliance Risk Index is:</p> <p>2020-21 = 2.00 2021-22 = 2.00 2022-23 = 2.00 2023-24 = 2.00 2024-25 = 2.00</p> <p>Unit = Compliance Risk Index Score</p>
Water Quality Compliance (CRI) PR19WSX_Q1	Caps, collars, deadbands	<p>At draft determination we set collars levels to:</p> <p>2020-21 = 6.3 2021-22 = 6.3 2022-23 = 6.3 2023-24 = 6.3</p>	<p>Change for the final determination.</p> <p>As we explain in the 'Delivering outcomes for customers policy appendix' we consider that CRI is uncertain and all companies should have a collar set in line with our standard approach. In the appendix we also explain how we set the level of the collar in the final determination.</p>	<p>We set collar levels to:</p> <p>2020-21 = 9.5 2021-22 = 9.5 2022-23 = 9.5 2023-24 = 9.5</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>2024-25 = 6.3</p> <p>Unit = Compliance Risk Index Score</p> <p>At draft determination we set enhanced collars levels to:</p> <p>2020-21 = 9.5 2021-22 = 9.5 2022-23 = 9.5 2023-24 = 9.5 2024-25 = 9.5</p> <p>Unit = Compliance Risk Index Score</p>		<p>2024-25 = 9.5</p> <p>Unit = Compliance Risk Index Score</p> <p>We remove enhanced collars for this performance commitment.</p>
Water supply interruptions PR19WSX_R1	Performance commitment level	<p>The intervention we made at draft determination was to set performance commitment levels that are consistent with the rest of the industry for supply interruptions. The following values were set:</p> <p>2020-21 = 00:05:24 2021-22 = 00:04:48 2022-23 = 00:04:12 2023-24 = 00:03:36 2024-25 = 00:03:00</p> <p>Unit = Hours:minutes:seconds (HH:MM:SS) per property per year</p>	<p>Change for the final determination.</p> <p>We adjust the water supply interruptions 2024-25 level to five minutes, with an amended glidepath in the first four years, taking account of wider evidence to calibrate stretch of performance commitment for an efficient company.</p> <p>Please refer to the 'Delivering outcomes for customers policy appendix' for more detail on this sector wide change.</p>	<p>Sector-wide change for the final determination.</p> <p>We set revised performance commitment levels to the following values:</p> <p>2020-21 = 00:06:30 2021-22 = 00:06:08 2022-23 = 00:05:45 2023-24 = 00:05:23 2024-25 = 00:05:00</p> <p>Unit = Hours:minutes:seconds (HH:MM:SS) per property per year</p>
Water supply interruptions PR19WSX_R1	ODI rates	<p>We intervened at draft determination to set the underperformance ODI rate and outperformance ODI rate to -£0.176m and £0.147m respectively.</p>	<p>Change for the final determination.</p> <p>For final determinations we revise some ODI rates on which we have previously intervened due to updates in the underlying data used to calculate the ODI rates. In particular, we update the data on the number of connections to reflect the latest information available. We update the outperformance rate on this performance commitment to reflect the changes in the underlying data. When considering the performance commitment package as a whole, we consider whether the balance of incentives for particular performance commitments is appropriate at both an industry and company level.</p> <p>We set all companies' underperformance rates symmetrically to outperformance rates to provide a more balanced spread of incentives and risk on water supply</p>	<p>We change the underperformance payment rate to -£0.140m per minute per property, and the outperformance payment rate to £0.140m per minute per property.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			interruptions. For further details on our approach to sector wide interventions on ODI rates see our 'Delivering outcomes for customers policy appendix'.	
Water supply interruptions PR19WSX_R1	Caps, collars and deadbands	At draft determination we set collars levels to: 2020-21 = 00:32:54 2021-22 = 00:32:54 2022-23 = 00:32:54 2023-24 = 00:32:54 2024-25 = 00:32:54 Units = Hours:minutes:seconds (HH:MM:SS) per property per year	Change for the final determination. We explain in the 'Delivering outcomes for customers policy appendix' that we are applying caps and collars for all companies and how we set these levels. For water supply interruptions we set the collar at 3.5 times the 2020-21 performance commitment level for all companies (except those with early certainty, or with enhanced ODIs).	We set collar levels to: 2020-21 = 00:16:59 2021-22 = 00:16:59 2022-23 = 00:16:59 2023-24 = 00:16:59 2024-25 = 00:16:59 Units = Hours:minutes:seconds (HH:MM:SS) per property per year
Water supply interruptions PR19WSX_R1	Enhanced ODI thresholds	We intervened at draft determination to set the enhanced underperformance threshold for this performance commitment at the lower quartile of current company performance.	Change for the final determination. We retain the same methodology used at draft determination to set enhanced underperformance thresholds, however we update enhanced underperformance thresholds to align with the lower quartile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the ' PR19 draft determination: Delivering outcomes for customers policy appendix '. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	We change the company's enhanced underperformance threshold on this performance commitment to the following: 2020-21 = 00:16:59 2021-22 = 00:16:59 2022-23 = 00:16:59 2023-24 = 00:16:59 2024-25 = 00:16:59 Units: Minutes per property
Water supply interruptions PR19WSX_R1	Enhanced ODI collar	We intervened at draft determination to set the enhanced underperformance collar for this performance commitment at the lower decile of current company performance.	Change for the final determination. We retain the same methodology used at draft determination to set enhanced underperformance collars, however we update enhanced underperformance collars to align with the lower decile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the ' PR19 draft determination: Delivering outcomes for customers policy appendix '. We update the enhanced underperformance collars for this performance commitment. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	We change the company's enhanced underperformance collar on this performance commitment to the following: 2020-21 = 00:19:17 2021-22 = 00:19:17 2022-23 = 00:19:17 2023-24 = 00:19:17 2024-25 = 00:19:17 Units: Minutes per property
Water supply interruptions PR19WSX_R1	P90 performance levels	N/A	Change for the final determination.	We estimate P90 performance levels as: 2020-21 = 00:06:05 2021-22 = 00:04:53

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			<p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and draft determination. We then conduct reasonable range analysis on the ratio of P90 performance levels to performance commitment levels set at draft determination, and we determine that the P90 performance level is outside the reasonable range. We therefore increase the stretch of the P90 performance levels to align them to the reasonable range outer bound one standard deviation away from the mean. We then further adjust the P90 performance levels for any changes in the performance commitment levels between draft determination and final determination.</p> <p>As a final step, we additionally adjust the P90 performance levels to increase linearly from the 2020-21 level up to the level of the enhanced outperformance threshold by 2024-25. We consider that we should take into account the additional incentive from enhanced ODIs on performance.</p>	<p>2022-23 = 00:03:41 2023-24 = 00:02:30 2024-25 = 00:01:18</p> <p>Units: Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.</p>
<p>Leakage</p> <p>PR19WSX_W1</p>	Performance commitment definition	No intervention at draft determination.	<p>Change for the final determination.</p> <p>To avoid any misinterpretation regarding the value for the company's 2019-20 leakage target, we amend the performance commitment definition to clarify the requirement for all companies.</p>	<p>We amend the wording of the performance commitment definition to the following:</p> <p>'As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or 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>Leakage</p> <p>PR19WSX_W1</p>	Enhanced ODI thresholds	We intervened at draft determination to set the enhanced underperformance threshold for this performance commitment at the	<p>Change for the draft determination.</p> <p>We make amendments to our methodology for calculating enhanced outperformance thresholds for the final determination, details of which can be found</p>	We change the company's enhanced outperformance threshold on this performance commitment to the following:

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		lower quartile of current company performance. We also intervened to set the company's enhanced outperformance threshold in line with our methodology.	<p>in the 'Delivering outcomes for customers policy appendix'. We also change outperformance thresholds if we have found errors in our draft determination calculations. We therefore update the enhanced outperformance thresholds for this performance commitment.</p> <p>We retain the same methodology used at draft determination to set enhanced underperformance thresholds, however we update enhanced underperformance thresholds to align with the lower quartile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the 'PR19 draft determination: Delivery outcomes for customer's policy appendix'. Further details can be found in the 'Delivering outcomes for customers policy appendix'.</p>	<p>2020-21 = 35.6% 2021-22 = 36.2% 2022-23 = 37.1% 2023-24 = 38.1% 2024-25 = 39.3%</p> <p>Units: Percentage reduction from 3 year average.</p> <p>We change the company's enhanced underperformance threshold on this performance commitment to the following:</p> <p>2020-21 = -25.0% 2021-22 = -25.0% 2022-23 = -25.0% 2023-24 = -25.0% 2024-25 = -25.0%</p> <p>Units: Percentage reduction from 3 year average.</p>
Leakage PR19WSX_W1	Enhanced ODI rates	We intervened at draft determination to set the company's enhanced rates based on our estimate of the sector-wide benefits of enhanced outperformance.	<p>Change for the final determination.</p> <p>We retain the same methodology that we used to assess enhanced ODI rates at draft determination. We update the data on standard ODI rates used to calculate the benchmarking externality for final determination and corrected any errors in our draft determination calculations. As a result the enhanced ODI underperformance and outperformance rate on this performance commitment are changing for the final determination. Further details can be found in the 'Delivering outcomes for customers policy appendix'.</p>	We change the company's enhanced outperformance and underperformance ODI rate to £0.471m/Mld and -£0.471m/Mld respectively.
Leakage PR19WSX_W1	Enhanced ODI collar	We intervened at draft determination to set the enhanced underperformance collar for this performance commitment at the lower decile of current company performance.	<p>Change for the final determination.</p> <p>We retain the same methodology used at draft determination to set enhanced underperformance collars, however we have updated enhanced underperformance collars to align with the lower decile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the 'PR19 draft determination: Delivery outcomes for customer's policy appendix'. We update the enhanced underperformance collars for this performance commitment. Further details can be found in the 'Delivering outcomes for customers policy appendix'.</p>	<p>We change the company's enhanced underperformance collar on this performance commitment to the following:</p> <p>2020-21 = -45.4% 2021-22 = -45.4% 2022-23 = -45.4% 2023-24 = -45.4% 2024-25 = -45.4%</p> <p>Units: Percentage reduction from 3 year average baseline.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
Leakage PR19WSX_W1	P90 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then adjust the P90 performance levels to increase linearly from the 2020-21 level up to the level of the enhanced outperformance threshold by 2024-25. We consider that we should take into account the additional incentive from enhanced ODIs on performance.</p>	<p>We estimate P90 performance levels as:</p> <p>2020-21 = 3.6% 2021-22 = 13.9% 2022-23 = 24.2% 2023-24 = 34.5% 2024-25 = 44.8%</p> <p>Units: Percentage reduction from 2019-20 baseline, reported to one decimal place.</p>
Void Sites PR19WSX_A3	ODI rates	<p>Our intervention at draft determination was to adjust the ODI rate based on an average wholesale bill of £288, marginal costs of £59, a cost sharing factor of 50%, and property numbers as provided by the company. The revised rates are:</p> <p>Underperformance rate: -£3.055m per 1% Outperformance rate: £1.701m per 1%</p>	<p>Change for the final determination.</p> <p>As we explain in the 'Delivering outcomes for customers policy appendix', we revise our methodology for performance commitments concerning 'void properties'. We remove the cost sharing factor, as there is no cost sharing for the retail price control. We also calculate the financial incentive based on a weighted incentive rate based on the number of customers between single and dual services to more accurately align incentives to the customer benefit.</p> <p>We also apply a symmetric 50% sharing ratio to protect customers against the impact of macroeconomic factors. This is applied symmetrically to underperformance and outperformance payments.</p>	<p>We revise ODI rates to:</p> <p>Underperformance: -£1.931m per 1%. Outperformance: £1.931m per 1%.</p>
Void sites PR19WSX_A3	Caps, collars and deadbands	We did not set a collar or cap in the draft determination.	<p>Change for the final determination.</p> <p>As we explain in the 'Delivering outcomes for customers policy appendix' we consider that performance commitments that measure the percentage of void properties are uncertain and all companies should have caps and collars. We also explain how we set the level of caps and collars. We do not change the company P10 and P90 estimates of performance.</p>	<p>We set collar levels to:</p> <p>2020-21 = 2.56 2021-22 = 2.56 2022-23 = 2.56 2023-24 = 2.56 2024-25 = 2.56</p> <p>Units: % of properties</p> <p>We set cap levels to:</p> <p>2020-21 = 1.50 2021-22 = 1.50 2022-23 = 1.50 2023-24 = 1.50</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
				2024-25 = 1.50 Units: % of properties
Mains repairs PR19WSX_R4	ODI rates	We did not intervene at draft determination.	Change for the final determination. When considering the performance commitment package as a whole, we consider whether the balance of incentives for particular performance commitments is appropriate at both an industry and company level. We set all companies' underperformance rates at the normalised (per household) industry average on mains repair to provide a more balanced spread of incentives and risks across the company's performance commitments. This will ensure the company does not overly focus on mains repairs to the detriment of other performance commitments which will benefit its customers. For further details on our approach to sector wide interventions on ODI rates see our 'Delivering outcomes for customers policy appendix'.	We set the company's standard underperformance rate to -£0.046m/ number per 1,000km of mains.
Mains repairs PR19WSX_R4	Caps, collars and deadbands	At draft determination we set collars levels to: 2020-21 = 165.0 2021-22 = 164.0 2022-23 = 164.0 2023-24 = 163.0 2024-25 = 163.0 Units: mains repairs per 1,000km of mains	Change for the final determination. The company does not make a representation regarding the collar for this performance commitment. We explain in the 'Delivering outcomes for customers policy appendix' that we apply caps and collars for some companies and how we set these levels. For mains repairs we set the collar at 1.4 times the 2020-21 performance commitment level for this company, in line with our standard policy.	We set collar levels to: 2020-21 = 225.9 2021-22 = 225.9 2022-23 = 225.9 2023-24 = 225.9 2024-25 = 225.9 Units: mains repairs per 1,000km of mains
Mains repairs PR19WSX_R4	Tier 2 ODI rate thresholds	We did not intervene at draft determination.	Change for final determination. We change the performance commitment levels for this performance commitment for final determination. We also change the company's proposed 'tier 2 threshold' to retain the same distance between the performance commitment level and the threshold as the company proposed in its April 2019 revised business plan. Performance that is worse than this level incurs the larger, 'tier 2' underperformance ODI rate. In 'Outcomes performance commitment appendix' we state the threshold for the tier 2 ODI rate as 'Performance collar for tier 1 standard underperformance payment rate'	We set their tier 2 threshold for this performance commitment at the following: 2020-21 = 180.7 2021-22 = 177.4 2022-23 = 175.2 2023-24 = 171.9 2024-25 = 169.7 Units: Number of mains burst per 1,000km of mains.
Per Capita Consumption (PCC)	Enhanced ODI	We intervened at draft determination to set the company's enhanced ODI rates at the level implied by our benchmarking	Change for the final determination.	We remove the enhanced ODI from this performance commitment.

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
PR19WSX_W2		<p>externality, -£0.411m and £0.411m per person per litre per day for the underperformance and outperformance rates respectively. We also intervened to set enhanced thresholds and collars.</p>	<p>The company submitted an enhanced ODI outperformance rate for the per capita consumption performance commitment in its September 2018 and April 2019 business plans, although it did not submit an enhanced outperformance threshold. In its September 2018 business plan it also states in relation to the performance commitment ‘...it is largely outside of management control. It is therefore deemed inappropriate to receive an enhanced outperformance payment in this instance.’</p> <p>The company does not make a representation on this in August. We queried the company on its enhanced ODI on this performance commitment. The company states in its response that it confirms that it does not expect to have an enhanced outperformance ODI for its per capita consumption performance commitment.</p> <p>Based on the company’s response to our query and that it is at the discretion of a company to put forward an enhanced ODI, we are removing the outperformance incentive for the final determination.</p> <p>We set the tier 2 ODI rate and threshold at the company’s April 2019 revised business plan levels for this performance commitment.</p>	
<p>Per Capita Consumption (PCC)</p> <p>PR19WSX_W2</p>	Caps, collars and deadbands	<p>At draft determination we set collars levels to:</p> <p>2020-21 = 144.5 2021-22 = 144.5 2022-23 = 144.5 2023-24 = 144.5 2024-25 = 144.5</p> <p>Units: Litres per person per day</p> <p>At draft determination we set cap levels to:</p> <p>2020-21 = 121.6 2021-22 = 120.7 2022-23 = 119.6 2023-24 = 118.5 2024-25 = 117.5</p> <p>Units = Litres per person per day</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the collar for this performance commitment. We explain in the ‘Delivering outcomes for customers policy appendix’ that we apply caps and collars for some companies and how we set these levels. For per capita consumption we set the collar at 1.1 times the 2020-21 performance commitment level, except for companies with early certainty.</p> <p>As we explain in the ‘Delivering outcomes for customers policy appendix’, we consider that caps and collars should be applied to performance commitments which are financially material, where there is considerable uncertainty around the data or if the company has customer support for a collar.</p> <p>Caps are intended to protect customers from higher than expected outperformance payments in the event that ODI rates are not correctly specified (which could lead to companies undertaking improvements that exceed customers’ willingness to pay), and to prevent companies from focusing on some performance commitments to the neglect of others.</p> <p>The levels for the outperformance cap are based on estimates of the P90 performance, which has changed. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in ‘Delivering outcomes for customers policy appendix’.</p>	We remove the caps and collars from this performance commitment.

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
<p>Delivery of Drainage and Wastewater Management Plans (DWMPs)</p> <p>PR19WSX_DWMP</p>	New performance commitment	N/A	<p>Change for the final determination.</p> <p>We allow a cost allowance in relation to the development of the company's Drainage Water Management Plans (DWMPs).</p> <p>To provide transparency of delivery and ensure that the company shares any learning from its investment in this area, we set a new performance commitment with reputational incentives.</p> <p>We design this performance commitment to incentivise companies to develop voluntary drainage and wastewater management plans in accordance with the Drainage and Wastewater Management Plan framework developed by Water UK, to support the government plans of making the drainage and wastewater management plans a statutory obligation for the wastewater and sewerage companies.</p>	<p>We set a new performance commitment with reputational incentives.</p> <p>The performance commitment will measure the cumulative percentage of catchments in which the company implements the Level 1 water company drainage and wastewater management plan, in accordance with the drainage and wastewater management plan framework guidelines.</p> <p>The performance commitment is 100% delivery in 2022-23.</p>
<p>Greenhouse Gas Emissions</p> <p>PR19WSX_E5</p>	Performance commitment definition	No intervention at draft determination.	<p>Change for the final determination.</p> <p>Yorkshire Water states that should it continue on a green tariff, it intends to use a zero-emission factor rather than the 2019-20 emission factor. It further states that the guidance does not allow exported energy to count as an offset, however, it intends to use the national grid as a conduit to its excess energy generation to use at its other sites rather than exporting to the grid for consumption by others. It considers that it will therefore report its net electricity consumption to include this self-generated energy.</p> <p>As a result of Yorkshire Water's representation, we consider that an update to the definition should be applied to other companies' comparable performance commitment definitions.</p> <p>Please see the 'Yorkshire Water - Delivering outcomes for customers final decisions' document for the full assessment.</p>	<p>We revise the performance commitment definition to allow flexibility to use either the grid emissions factor within the carbon accounting workbook or a 'market-based' emissions factor for electricity supplied via the grid.</p>
<p>Pollution incidents</p> <p>PR19WSX_E2</p>	Enhanced ODI thresholds	We intervened at draft determination to set the enhanced underperformance threshold for this performance commitment at the lower quartile of current company performance. We also intervened to set the company's enhanced outperformance threshold in line with our methodology.	<p>Change for the final determination.</p> <p>We make amendments to our methodology for calculating enhanced outperformance thresholds for the final determination, details of which can be found in the 'Delivering outcomes for customers policy appendix'. We also change outperformance thresholds if we have found errors in our draft determination calculations. We therefore update the enhanced outperformance thresholds for this performance commitment.</p> <p>We retain the same methodology used at draft determination to set enhanced underperformance thresholds, however we update enhanced underperformance</p>	<p>We change the company's enhanced outperformance threshold on this performance commitment to the following:</p> <p>2020-21 = 11.83 2021-22 = 11.46 2022-23 = 11.11 2023-24 = 10.82 2024-25 = 9.42</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
			thresholds to align with the lower quartile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the ' PR19 draft determination: Delivery outcomes for customer's policy appendix '. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	Units: Incidents per 10,000km of sewer. We change the company's enhanced underperformance threshold on this performance commitment to the following: 2020-21 = 41.6 2021-22 = 41.6 2022-23 = 41.6 2023-24 = 41.6 2024-25 = 41.6 Units: Incidents per 10,000km of sewer.
Pollution incidents PR19WSX_E2	Enhanced ODI rates	We did not intervene on the company's enhanced ODI rate at draft determination.	Change for the final determination. We retain the same methodology that we used to assess enhanced ODI rates at draft determination. We update the data on standard ODI rates used to calculate the benchmarking externality for final determination and corrected any errors in our draft determination calculations. As a result the enhanced ODI underperformance and outperformance rate on this performance commitment are changing for the final determination. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	We change the company's enhanced outperformance and underperformance ODI rate to £0.854m/ incident per 10,000km of sewer and -£0.854m/ incident per 10,000km of sewer respectively.
Pollution incidents PR19WSX_E2	Enhanced ODI collar	We intervened at draft determination to set the enhanced underperformance collar for this performance commitment at the lower decile of current company performance.	Change for the final determination. We retain the same methodology used at draft determination to set enhanced underperformance collars, however we have updated enhanced underperformance collars to align with the lower decile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the ' PR19 draft determination: Delivery outcomes for customer's policy appendix '. We update the enhanced underperformance collars for this performance commitment. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	We change the company's enhanced underperformance collar on this performance commitment to the following: 2020-21 = 98.0 2021-22 = 98.0 2022-23 = 98.0 2023-24 = 98.0 2024-25 = 98.0 Units: Incidents per 10,000km of sewer.
Pollution incidents PR19WSX_E2	Caps, collars and deadbands	At draft determination we set collars levels to: 2020-21 = 39.70 2021-22 = 39.70 2022-23 = 39.70 2023-24 = 39.70	Change for the final determination. We explain in the 'Delivering outcomes for customers policy appendix' that we are applying caps and collars for all companies and how we set these levels. For pollution incidents we set the collar at 1.5 times the 2020-21 performance commitment level for all companies (except those with early certainty, or with enhanced ODIs).	We set collar levels to: 2020-21 = 41.60 2021-22 = 41.60 2022-23 = 41.60 2023-24 = 41.60 2024-25 = 41.60

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
		<p>2024-25 = 39.70</p> <p>Units: incidents per 10,000km of sewer.</p> <p>At draft determination we set cap levels to:</p> <p>2020-21 = 15.05 2021-22 = 14.57 2022-23 = 14.12 2023-24 = 13.75 2024-25 = 11.97</p> <p>Units: incidents per 10,000km of sewer.</p>	<p>As we explain in the 'Delivering outcomes for customers policy appendix', we consider that caps and collars should be applied to performance commitments which are financially material, where there is considerable uncertainty around the data or if the company has customer support for a collar.</p> <p>Caps are intended to protect customers from higher than expected outperformance payments in the event that ODI rates are not correctly specified (which could lead to companies undertaking improvements that exceed customers' willingness to pay), and to prevent companies from focusing on some performance commitments to the neglect of others.</p> <p>The levels for the outperformance cap are based on estimates of the P90 performance, which has changed. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p>	<p>Units: incidents per 10,000km of sewer.</p> <p>We set cap levels to:</p> <p>2020-21 = 11.83 2021-22 = 11.46 2022-23 = 11.11 2023-24 = 10.82 2024-25 = 9.42</p> <p>Units: incidents per 10,000km of sewer.</p>
Pollution incidents PR19WSX_E2	P90 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then adjust the P90 performance levels to increase linearly from the 2020-21 level up to the level of the enhanced outperformance threshold by 2024-25. We consider that we should take into account the additional incentive from enhanced ODIs on performance.</p>	<p>We estimate P90 performance levels as:</p> <p>2020-21 = 13.00 2021-22 = 12.10 2022-23 = 11.20 2023-24 = 10.30 2024-25 = 9.40</p> <p>Units: Number of pollution incidents per 10,000 km of the wastewater network</p>
Internal sewer flooding PR19_WSXF1	Enhanced ODI thresholds	<p>We intervened at draft determination to set the enhanced underperformance threshold for this performance commitment at the lower quartile of current company performance. We also intervened to set the company's enhanced outperformance threshold in line with our methodology.</p>	<p>Change for the final determination.</p> <p>We make amendments to our methodology for calculating enhanced outperformance thresholds for the final determination, details of which can be found in the 'Delivering outcomes for customers policy appendix'. We also change outperformance thresholds if we have found errors in our draft determination calculations. We therefore update the enhanced outperformance thresholds for this performance commitment.</p> <p>We retain the same methodology used at draft determination to set enhanced underperformance thresholds, however we update enhanced underperformance thresholds to align with the lower quartile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the 'PR19 draft determination: Delivery outcomes for customer's policy appendix'. Further details can be found in the 'Delivering outcomes for customers policy appendix'.</p>	<p>We change the company's enhanced outperformance threshold on this performance commitment to the following:</p> <p>2020-21 = 0.93 2021-22 = 0.91 2022-23 = 0.87 2023-24 = 0.80 2024-25 = 0.74</p> <p>Units: Incidents per 10,000 connections.</p> <p>We change the company's enhanced underperformance threshold on this performance commitment to the following:</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
				2020-21 = 2.56 2021-22 = 2.56 2022-23 = 2.56 2023-24 = 2.56 2024-25 = 2.56 Units: Incidents per 10,000 connections.
Internal sewer flooding PR19_WSXF1	Enhanced ODI collar	We intervened at draft determination to set the enhanced underperformance collar for this performance commitment at the lower decile of current company performance.	Change for the final determination. We retain the same methodology used at draft determination to set enhanced underperformance collars, however we update enhanced underperformance collars to align with the lower decile of the latest year of actual performance (2018-19). This is in line with our approach detailed in the ' PR19 draft determination: Delivery outcomes for customer's policy appendix '. We update the enhanced underperformance collars for this performance commitment. Further details can be found in the 'Delivering outcomes for customers policy appendix'.	We change the company's enhanced underperformance collar on this performance commitment to the following: 2020-21 = 4.09 2021-22 = 4.09 2022-23 = 4.09 2023-24 = 4.09 2024-25 = 4.09 Units: Incidents per 10,000 connections.
Internal sewer flooding PR19WSX_F1	P90 performance levels	N/A	Change for the final determination. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. To estimate P90 performance levels in this case, we first adjust the P90 performance levels for changes in the performance commitment levels between business plan submission and final determination. We then adjust the P90 performance levels to increase linearly from the 2020-21 level up to the level of the enhanced outperformance threshold by 2024-25. We consider that we should take into account the additional incentive from enhanced ODIs on performance.	We estimate P90 performance levels as: 2020-21 = 1.00 2021-22 = 0.93 2022-23 = 0.87 2023-24 = 0.81 2024-25 = 0.74 Units: Number of incidents per 10,000 sewer connections reported to two decimal places.
Sewer Collapses PR19WSX_R6	Tier 2 ODI rate thresholds	We did not intervene at draft determination.	Change for final determination. We change the performance commitment levels for this performance commitment for final determination. We also change the company's proposed 'tier 2 threshold' to retain the same distance between the performance commitment level and the threshold as the company proposed in its April 2019 revised business plan. Performance that is worse than this level incurs the larger, 'tier 2' underperformance ODI rate. In 'Outcomes performance commitment appendix' we state the threshold for the tier 2 ODI rate as 'Performance collar for tier 1 standard underperformance payment rate'.	We set their tier 2 threshold for this performance commitment at the following: 2020-21 = 7.35 2021-22 = 7.35 2022-23 = 7.35 2023-24 = 7.35 2024-25 = 7.35 Units: Sewer collapses per 1,000km of sewers

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
<p>Sewer Collapses</p> <p>PR19WSX_R6</p>	<p>Caps, collars and deadbands</p>	<p>At draft determination we set collars levels to:</p> <p>2020-21 = 18.10 2021-22 = 18.10 2022-23 = 18.10 2023-24 = 18.10 2024-25 = 18.10</p> <p>Units: Number of sewer collapses per 1,000km of sewer</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the collar for this performance commitment. We explain in the 'Delivering outcomes for customers policy appendix' that apply caps and collars for some companies and how we set these levels. For sewer collapses we set the collar at 1.5 times the 2020-21 performance commitment level for this company, in line with our standard policy.</p> <p>In 'Outcomes performance commitment appendix' we state this as 'Performance collar for tier 2 standard underperformance payment rate'</p>	<p>We set collar levels to:</p> <p>2020-21 = 9.50 2021-22 = 9.50 2022-23 = 9.50 2023-24 = 9.50 2024-25 = 9.50</p> <p>Units: Number of sewer collapses per 1,000km of sewer</p>
<p>Customer property sewer flooding (external)</p> <p>PR19WSX_F2</p>	<p>Caps, collars and deadbands</p>	<p>We did not set a collar or cap in the draft determination.</p>	<p>Change for the final determination.</p> <p>The company does not make a representation regarding the collar for this performance commitment. We explain in the 'Delivering outcomes for customers policy appendix' that we apply caps and collars for all companies and how we set these levels. For external sewer flooding we set the collar at 1.5 times the 2020-21 performance commitment level for all companies (except those with early certainty, or with enhanced ODIs).</p> <p>The levels for the outperformance cap are based on estimates of the P90 performance, which has changed from the company revised business plan. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p>	<p>We set collar levels to:</p> <p>2020-21 = 25.61 2021-22 = 25.61 2022-23 = 25.61 2023-24 = 25.61 2024-25 = 25.61</p> <p>Units: External sewer flooding incidents per 10,000 properties.</p> <p>We set cap levels to:</p> <p>2020-21 = 13.82 2021-22 = 13.82 2022-23 = 13.82 2023-24 = 13.82 2024-25 = 13.82</p> <p>Units: External sewer flooding incidents per 10,000 properties.</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
Priority services for customers in vulnerable circumstances PR19WSX_C1	Performance commitment level	Our intervention at draft determination was to change the definition of the performance commitment by splitting the measure into 'attempted' (i.e. an outbound contact that has not received a response) and 'actual' contacts (i.e. updates to data based on contact with the customer).	Change for the final determination. The company does not make a representation regarding the performance commitment level. However, we receive a number of representations from companies and other stakeholders. Based on the evidence set out in these representations, we revise the performance commitment levels for the actual contacts element of the performance commitment.	The following is a sector-wide change for the final determination. We revise the performance commitment levels for the actual contacts to: 2020-21 = 17.5 2021-22 = 35.0 2022-23 = 35.0 2023-24 = 35.0 2024-25 = 35.0 Unit: Percentage of priority services customers that the company has made actual contact with
Security non-SEMD outputs PR19WSX_SEC	P10 performance levels	N/A	Change for the final determination. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. To estimate P10 performance levels in this case, we use the performance commitment levels set at final determination. We take this approach because this performance commitment reflects delivery of a planned scheme, and we consider that the experience in the water industry is that planned schemes are delivered in most cases. It would be a scenario that would occur in less than 10% of cases that the company would not deliver its performance commitment.	We estimate P10 performance levels as: 2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 0 2024-25 = 0 Units: Full calendar months to zero decimal places.
North Bristol Sewer Scheme - Trym catchment PR19WSX_F4	P10 performance levels	N/A	Change for the final determination. Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'. To estimate P10 performance levels in this case, we use the company's P10 performance levels that it proposed in its representations (table OC1, August 2019). We take this approach because P10 performance levels were not provided in the company's April 2019 revised business plan submission.	We estimate P10 performance levels as: 2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 3 2024-25 = 0 Units: Months to zero decimal places

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
<p>Length of river with improved water quality through WINEP delivery PR19WSX_E10</p>	<p>P10 performance levels</p>	<p>N/A</p>	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 performance levels in this case, we use the company's P10 performance levels that it proposed in its representations (table OC1, August 2019). We take this approach because applying our standard methodology, which involves adjusting P10 performance levels for changes in performance commitment levels between business plan submission and final determination, would lead to negative P10 performance levels. This would not be consistent with the definition of this performance commitment.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 0.0 2021-22 = 127.5 2022-23 = 133.9 2023-24 = 133.9 2024-25 = 319.9</p> <p>Units: Cumulative kilometres to one decimal place</p>
<p>Tackling water quality at home and in the work place PR19WSX_Q3</p>	<p>P10 and P90 performance levels</p>	<p>N/A</p>	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 and P90 performance levels in this case, we apply our standard approach, but we recalibrate the P10 and P90 performance levels to align with changes in the performance commitment level profile between business plan submission and final determination. The performance commitment levels proposed in the business plan involved cumulative targets, but these targets have now been reset to apply without a cumulative element. The P10 and P90 performance levels have therefore been recalibrated in the same way.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 13,494 2021-22 = 13,494 2022-23 = 13,494 2023-24 = 13,494 2024-25 = 13,494</p> <p>We estimate P90 performance levels as:</p> <p>2020-21 = 20,240 2021-22 = 20,240 2022-23 = 20,240 2023-24 = 20,240 2024-25 = 20,240</p> <p>Units: Numerical score to zero decimal places</p>

Performance commitment	Type	Our intervention for the draft determination	Our assessment and rationale for the final determination decision	Decisions for the final determination
Lead communication service pipes replaced (Wessex Water assets) PR19WSX_Q4	P10 and P90 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 performance commitment levels in this case, we apply our standard approach, but we recalibrate P10 performance levels to align with changes in the performance commitment level profile between business plan submission and final determination. The performance commitment levels proposed in the business plan involved cumulative targets, but these targets have now been reset to apply without a cumulative element. The P10 performance levels have therefore been recalibrated in the same way.</p> <p>To estimate P90 performance levels in this case, we use reasonable judgement to define a revised P90 performance profile. We take this approach because we do not consider that applying the company's business plan P90 estimates leads to a set of P90 performance levels which is credible for an efficient company.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 600 2021-22 = 600 2022-23 = 600 2023-24 = 600 2024-25 = 600</p> <p>We estimate P90 performance levels as:</p> <p>2020-21 = 2320 2021-22 = 2820 2022-23 = 4020 2023-24 = 4420 2024-25 = 4420</p> <p>Units: Number of lead communication pipes replaced to zero decimal places</p>
WINEP requirements (Bristol (Avonmouth) STW) PR19WSX_E13	P10 performance levels	N/A	<p>Change for the final determination.</p> <p>Our approach to adjusting the estimates of P10 and P90 performance levels is set out in 'Delivering outcomes for customers policy appendix'.</p> <p>To estimate P10 performance levels in this case, we use the performance commitment levels set at final determination. We take this approach because this performance commitment reflects delivery of a planned scheme, and we consider that the experience in the water industry is that planned schemes are delivered in most cases. It would be a scenario that would occur in less than 10% of cases that the company would not deliver its performance commitment.</p>	<p>We estimate P10 performance levels as:</p> <p>2020-21 = 0 2021-22 = 0 2022-23 = 0 2023-24 = 0 2024-25 = 0</p> <p>Units: Number of full months after the time specified in the WINEP tracker titled "Completion Date (DD/MM/YY)", with the first month running from the day after the time specified in the WINEP tracker. Zero decimal places.</p>

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

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