Performance commitments related to environmental water quality

25 March 2021

Outcomes Working Group

- Outcome of the session is to identify potential changes common definitions to have time to consider further and start to report on an informal basis.
- Decisions on whether there should be changes at PR24 will be subject to further discussion and consultation, taking full account of the respective SPS of the Welsh Government and Defra.

Date	Topic
Thursday 21 January	Customer outcomes from wastewater collection (including reviewing internal sewer flooding)
Thursday 25 February	Reliability of customer water supply (including reviewing water supply interruptions)
Thursday 25 March	Measures defined by other regulators: Environmental protection and drinking water quality (including discussing the use of CRI and pollution incidents as performance commitments, but not the measurements themselves)
Thursday 15 April	Capacity and resilience over the long term (including reviewing leakage, pcc, risk of severe restrictions in a drought and flooding in a storm)
Thursday 20 May	Approach to asset health. (This will depend on the asset maturity assessment)

Agenda

10:00 Introductions

10.10 Context

10:25 Breakout session 1: Overlaps

- What are the benefits from the overlaps between regulators that use the same metrics?
- Are there any misalignments between how regulators use the same metric that we can correct?
- Are there opportunities to strengthen how the metrics are used in conjunction by different regulators?
- What are the pros and cons making changes at future reviews to performance commitments to address the points raised?

10.50 Feedback

11.00 Presentation by United Utilities on Future Ideas Lab paper on WINEP.

11:10 Breakout session 2: Multiple benefits
How do we evolve incentives to promote investment that delivers multiple benefits over the long term, while improving compliance with statutory standards?

11:35 Feedback

11:45 Plenary, conclusions and actions

12 noon close

Context

From our lessons learned exercise we have heard a range of views including:

- Stakeholders are supportive of our outcomes regime and said that it pushed companies to go further than ever before to deliver what consumers wanted.
- Common performance commitments enable comparability of performance between companies, empowering customers and challenging companies to improve service.
- Bespoke performance commitments allowed companies to innovate and to cater for local circumstances, although they are harder to benchmark and increase the **complexity** of the price review.
- PR19 included a comprehensive range of performance commitments reflecting service to customers over 2020-25 and the long term and there was general support for these metrics. But there remains a concern that companies are not sufficiently focused on the **long term**.

PR19 PCs – Drinking Water Quality

	PCs based on DWI reporting				Other PCs used at PR19		
	CRI	Customer contacts about water quality	ERI	Water quality events	Lead Pipes	Water discolouration	Water softening
Affinity Water							
Anglian							
Bristol							
Dŵr Cymru					No. of lead pipes replaced		
Northumbrian					No. of lead pipes replaced		
Hafron Dyfrdwy					No. of lead pipes replaced		
Portsmouth							
SES Water							Days not providing softened water
South East Water							
South Staffs Water							
Severn Trent					Protecting schools from lead		
South West							
Southern					Replace lead customer pipes		
Thames				No. of events notified to DWI	No. of lead pipes replaced		
United Utilities					No. of lead pipes replaced	Reducing discolouration from the Vymwy treated water aqueduct	
Wessex Water					(1) No. of lead pipes replaced (2) Tackling water quality at home & in the workplace		
Yorkshire					No. of lead pipes replaced		

Key
Standard definition
Based on standard def
Used at PR14
New for PR19

PR19 PCs – Environmental compliance

	Pollution	Water treatment works common	Bioresource	Other Bespoke
Affinity Water				
Anglian				
Bristol				Waste disposal compliance
Dŵr Cymru			1. Bioresources product quality 2. % Satisfactory – EPA v3	Percentage of WWTW which operate under 'descriptive' consents set by EA
Northumbrian			% Satisfactory – EPA v3	
Hafron Dyfrdwy			% Satisfactory – EPA v3	
Portsmouth				
SES Water				Pollution incidents cat 1 & 2
South East Water				
South Staffs Water				
Severn Trent			% Satisfactory – EPA v3	
South West			% Satisfactory – EPA v3	1. Percentage of WWTW which operate under 'descriptive' consents set by EA 2. Total wastewater treatment works (WWTW) compliance 3. EPA 4. No. of pollution incidents cat 1-3 (water) 5. Cat 1-2 at SSSIs
Southern			% Satisfactory – EPA v3	
Thames			Sludge treated before disposal	
United Utilities			Recycling biosolids	
Wessex Water			% Satisfactory – EPA v3	
Yorkshire			Quality agricultural products	

Note this excludes PCs that measure compliance of the delivery of WINEP or NEP schemes.

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PR19 PCs – Environmental benefit

	River Water Quality	Bathing Quality	Biodiversity	Other
Affinity	No. of river restoration schemes completed			
Anglian		No. of designated bathing waters that exceed EU Directive		1. Natural capital impact 2. Regional collaboration
Bristol			Biodiversity index of land improved	1. Local community satisfaction 2. Raw Water Quality of Sources
Dŵr Cymru	Length of river water quality improved			
Northumbrian	Length of river water quality improved	No. of designated bathing waters that exceed EU Directive		
Hafron Dyfrdwy	Length of river water quality improved		Hectares managed for biodiversity	
Portsmouth			1. Grant scheme to third parties for projects which enhance biodiversity 2. Maintaining sites	
SES Water	River based improvement through delivery of WINEP		Land based improvement using Wildlife Trust Certification	
South East Water			Hectares managed for biodiversity	
South Staffs Water			Area of land actively managed to protect wildlife, plants, habitats & catchments	
Severn Trent	Improvements in WFD Criteria		Hectares managed for biodiversity – Waste & Water	Green communities
South West		No. of designated bathing waters that exceed EU Directive		Biosecurity implementation
Southern	Length of river water quality improved	1. Maintain bathing waters at 'Excellent' 2. Bring at least 5 to Good annually 3. Bring at least 2 to Excellent annually		Natural Capital Accounting
Thames			Enhancing biodiversity	Natural Capital Accounting
United Utilities	Length of river water quality improved			1. Natural Capital 2. Better air quality
Wessex Water	(1) Length of river water quality improved (2) Km of river improved (non-WINEP)	Working with communities to improve bathing water experience		1. Improve SSSIs 2. Working with catchment partners to improve natural capital
Yorkshire	Length of river water quality improved	No. of designated bathing waters that exceed EU Directive	Land conserved and enhanced	1. Working with others 2. Biosecurity implementation

Note this excludes PCs that measure only the number or timeliness of WINEP or NEP schemes without reference to benefit.

Key
Used at PR14
New for PR19

Long term projections of pollution incidents

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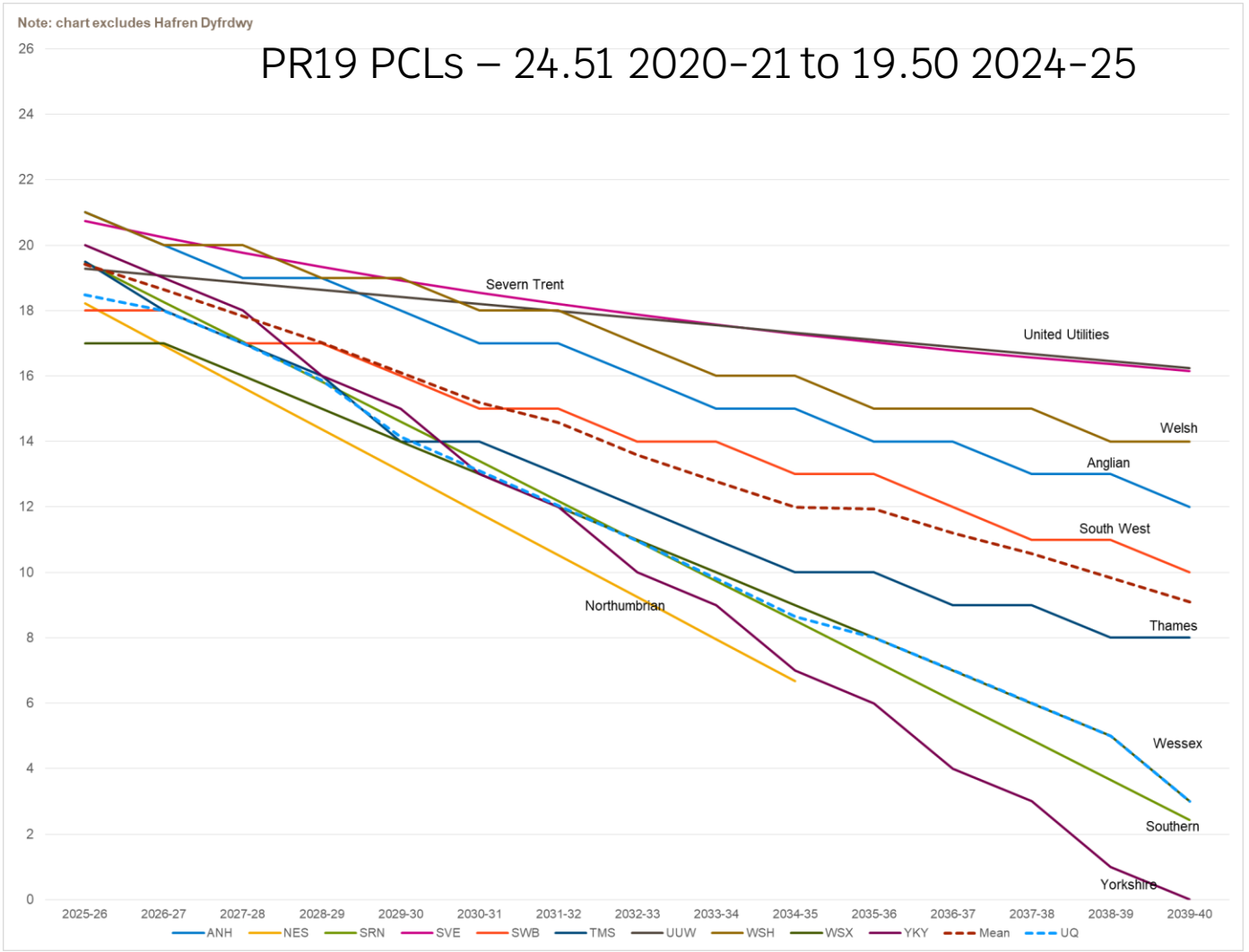
19.5



Breakout session 1

Overlaps

- What are the benefits from the overlaps between regulators that use the same metrics?
- Are there any misalignments between how regulators use the same metric that we can correct?
- Are there opportunities to strengthen how metrics are used in conjunction by different regulators?
- What are the pros and cons of making changes at future reviews to the set of performance commitments to address any points raised?

United Utilities

Breakout session 1

Multiple benefits

How do we promote investment that delivers multiple benefits over the long term, while improving compliance with statutory standards?

Actions

Look ahead to 15 April

- Are PCC and leakage still what we should focus on (what about raw water and production losses, water taken illegally and operational system use)
- How should improve the drought resilience PC?
- How are we improving the sewer flooding in a storm PC? Should this include sewer overflows?
- How do we provide incentives for companies to promote the 4Rs?
- Should new resilience PCs be used to financially incentivise companies to improve resilience?
- When should a resilience metric just be used to report progress (as opposed to be used as a PC that has a pre-determined annual levels and incentives?)