

Outcomes Working Group

December 2021



Agenda

Aim: Discuss immediate reactions to Ofwat's views on outcomes and consider steps to move forwards to PR24

10:00 Welcome

10:05 Presentation: Common performance commitments for future price reviews

10.20 Breakout session 1: Common performance commitments

10.45 Feedback

11.00 Presentation: Bespoke performance commitments for future price reviews

11:10 Breakout session 2: Bespoke performance commitments

11.30 Feedback

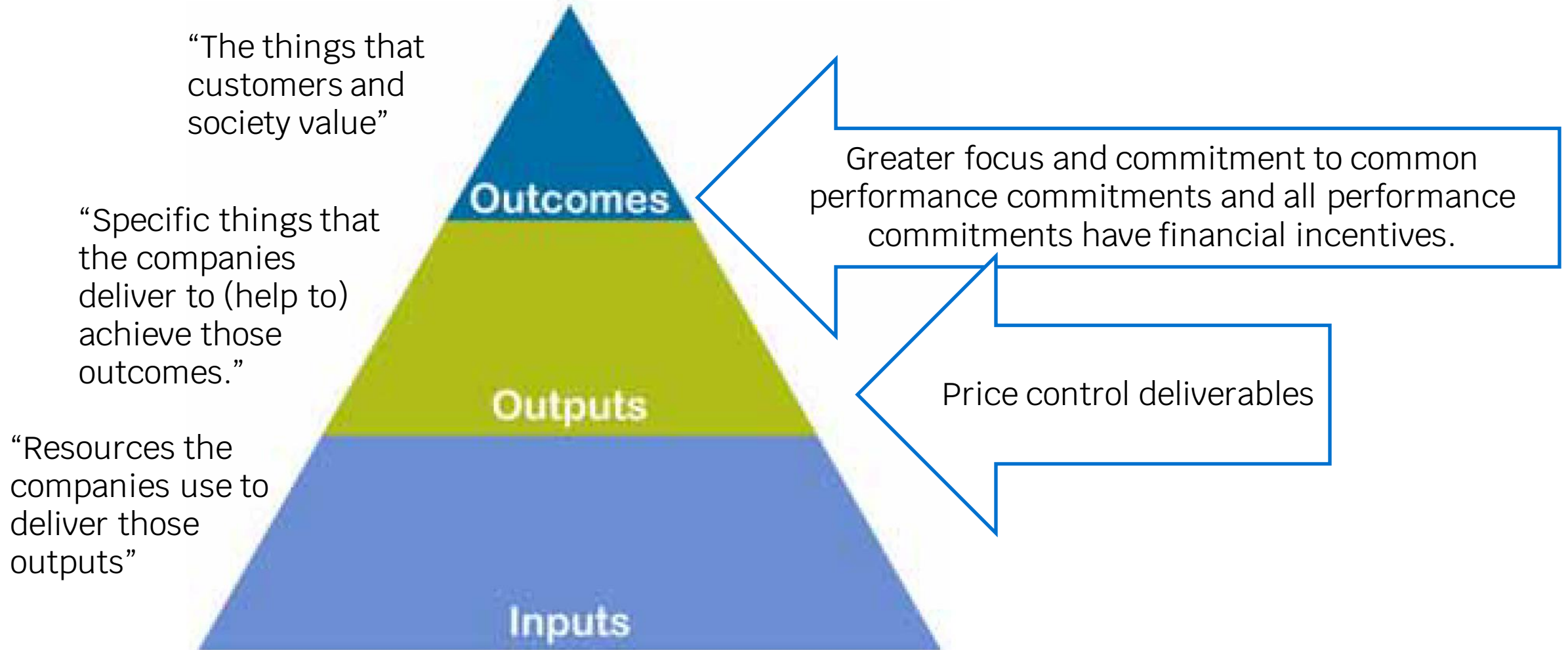
11.40 Discussions on any actions required

11.55 Conclusions and look ahead

12:00 Close



Changes for PR24



PR24 performance commitments

	Water and wastewater	Water only	Wastewater only
Customers receiving excellent service everyday	<p>C-MeX (residential customer measure of experience)</p> <p>Possibly D-MeX (developer measure of experience)</p> <p>Possibly B-MEX (business customer measure of experience)</p> <p>Possibly R-MEX (retailer measure of experience)</p>	<p>Water supply interruptions</p> <p>Compliance risk index (CRI) measuring drinking water quality compliance</p> <p>Customer contacts about water quality</p> <p>Possibly Event risk index (ERI) measuring impact of drinking water quality problems</p>	<p>Internal sewer flooding</p> <p>External sewer flooding</p> <p>Possibly we could combine the above two as companies are developing a measurement of the impact on customers from flooding</p>
Environmental outcomes	<p>Biodiversity</p> <p>Operational GHG emissions</p> <p>Possibly embedded GHG emissions</p>	<p>Leakage</p> <p>PCC (per capita consumption)</p> <p>Business demand</p> <p>Possibly these could be combined to report distributional input</p>	<p>Pollution incidents</p> <p>Discharge compliance</p> <p>Storm overflows</p> <p>Possibly Environmental Performance Assessment star rating in addition or instead of above 3</p> <p>Bathing water quality</p> <p>Possibly river water quality</p>
Asset health and operational resilience	We will consider these following the findings of the UKWIR project 'Future Asset Planning'.		



Next steps on PR24 performance commitments

PC	Specific next step	General next steps
C-Mex, D-Mex	Review mechanisms following 2021-22 data.	<p>Take account of feedback from:</p> <ul style="list-style-type: none"> • Responses to discussion document; • outcomes working group; and • bilateral meetings.
Water supply interruptions	No specific actions planned.	
Sewer flooding	Consider work by industry on collecting consequence information.	
CRI and water quality contacts	No specific actions planned.	
ERI	We will work with the DWI to gain greater understanding of the issues.	
R-Mex, B-Mex, Business demand	Understand any changes to incentives in the retail market and consider appropriate incentives for companies in Wales.	
Leakage, per capita consumption	The PR24 approach is largely interconnected with business demand, but regardless of this we want to ensure that all companies are reporting consistently.	
EPA metrics	Work with Environment Agency and Natural Resources Wales to understand possible changes in EPA and timetable for finalising methodology for 2026-2030 period.	
River water quality	Task and finish group to consider options and recommend an approach.	
Biodiversity	Task and finish group to consider options and recommend a definition.	
Bathing Water Quality	No specific actions planned.	
Voids	Consider if we can develop a measure that compares water companies' reporting with government figures.	
Greenhouse gas emissions	Consider 2022 APR submissions to refine guidance/definitions.	
Asset health and operational resilience	Consider what the gaps are for asset health/operational resilience and consider the outputs of the UKWIR project 'Future Asset Planning'.	



Common Performance Commitments

What are your comments?

(e.g.

- Are any performance commitments missing?
- Are the steps we are taking sufficient?
- Is there anything more as a sector that we should be doing?)



Bespoke performance commitments

We expect there to be far fewer bespoke PCs at PR24 than in PR19, although we do not propose set a specific limit on the number of these. Bespoke PCs may be appropriate for the following reasons:

1. The company has a local circumstance that does not apply to most companies, which requires a PC to provide appropriate incentives.
2. A company provides poor service on a common issue where other companies' performance is such that it is not a priority for their customers and so not a common PC.



Bespoke Performance
Commitments

Do you agree with our proposed reasons for companies to have bespoke performance commitments?

Do you consider any further guidance is required?



Look ahead

We suggest the following dates and subjects, although this is subject to change.

13 January	ODIs – Approach for rates that are not based directly on customer evidence
10 February	Measuring outcome risk and caps and collars
10 March	Operational resilience and asset health PCs

