

**Outcomes Working Group
Operational resilience and asset health
PCs**

March 2022



Outcomes Working Group

AIM: Ensure we have identified all potential practicable options for asset health and operational resilience performance commitments at PR24.

- 10:00 Introductions
- 10.05 What next for the Outcomes Working Group
- 10:10 Breakout session 1 – what next?
- 10.20 Water service asset health and operational resilience options
- 10.30 Breakout session 2 – water service
- 10.55 Feedback and discussion
- 11.10 Wastewater service asset health and operational resilience options
- 11:15 Breakout session 3 – wastewater service
- 11:40 Feedback and discussion
- 12:00 Close



Breakout group 1

The Outcomes Working Group has had monthly meetings since January 2021.

Should the group continue to meet?

If so what should the focus of the group be?

What are the points that you expect to be discussed?



Context: Wider work on operational resilience

Selected AMMA Insights:

- For most companies, reporting to and engaging with board on asset health seems to be limited to **performance commitments and outcome delivery incentives**.
- Monitoring the effectiveness of asset management plans was generally limited to monitoring performance using the **performance commitment framework**.
- Few companies were able to demonstrate that they looked at longer term asset health trends outside of the established **performance commitment framework**.

We have three areas where we are considering if any of the recommendations need to be reinforced through the regulatory framework.

Consideration #1

Consider how to reinforce the expectation that company boards should reflect on asset health and resilience.

Consideration #2

Consider whether we should do more to monitor companies' asset health and operational resilience and, as part of this, require reporting and publication of information. This could include information on asset management maturity.

Consideration #3

Consider how companies should evidence their approaches to long-term asset planning as part of our wider work, including through the next price review, to support and incentivise long-term planning and delivery.

We aim to publish a **discussion paper** in late March/early April on operational resilience including what the operational resilience and asset health performance commitments should be for PR24



Context: PR24 performance commitments – November 2022

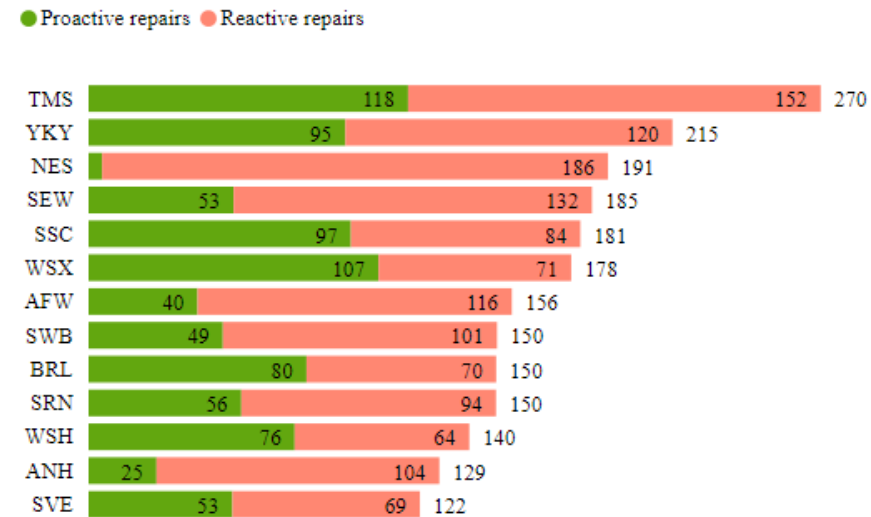
	Water and wastewater	Water only	Wastewater only
Customers receiving excellent service everyday	<p>C-MeX (residential customer measure of experience)</p> <p>Possibly D-MeX (developer measure of experience)</p> <p>Possibly B-MEX (business customer measure of experience)</p> <p>Possibly R-MEX (retailer 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'.		



Breakout group 2 – Water

- PR19 PCs
 - Mains repairs
 - Unplanned outage
 - Drought resilience
- UKWIR Future Assets draft report
 - Mains repairs
 - Repairs of customer reported defects
 - Unplanned outage
 - Base Asset Health
 - Time spent on unplanned maintenance

Mains repairs per 1,000 km (reactive and proactive)



What are the practicable options for financial PCs at PR24?

Breakout group 3 – Wastewater

- PR19 PCs
 - [Discharge compliance]
 - Sewer Collapses
 - Sewer flooding in a storm
- UKWIR Future Assets draft report
 - Sewer Collapses
 - Sewer defect density
 - Base Asset Health
 - Time spent on unplanned maintenance

What are the practicable options for financial PCs at PR24?

