

February 2024

PR19 final determinations

**Consolidated PR19 final determinations:
Yorkshire Water – Outcomes
performance commitment appendix**

Consolidated final determinations: Yorkshire Water – Outcomes performance commitment appendix

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for Yorkshire Water for the period 2020-2025.

This is a technical document to specify clearly the company's performance commitments and outcome delivery incentives. This document is not intended to substitute the information that Yorkshire Water should provide to its customers on its outcomes and performance commitments.

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

The appendix provides the following information on each performance commitment:

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

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

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

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

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

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

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

1.1 Common performance commitments

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

A number of companies receive enhanced outcome delivery incentives for certain common PCs. In the PR19 methodology (Appendix 2, p.85) we state: "Companies proposing enhanced outperformance and underperformance payments should explain in their business plans how they will share the knowledge behind their success with companies across the sector by the end of the 2020-25 price review

period or soon after. Receiving the enhanced outperformance payments will depend on whether the company has a credible plan for sharing its approach with the sector.” This is an important aspect of the framework for enhanced outcome delivery incentives and we expect companies earning them to share learning on what has worked and what has not, consistent with the knowledge-sharing plans set out in their business plan. We also expect companies to assess the success of their knowledge-sharing and be able to provide evidence of this to Ofwat, and we will take account of this when we make in-period and end-of-period outcome delivery incentive determinations.

1.1.1 Water quality compliance (CRI)

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

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

Performance commitment definition and parameters

Unique Reference	PR19YKY_20
Detailed definition of performance measure:	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry. This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 https://www.ofwat.gov.uk/publication/dwi-compliance-risk-index-cri-definition/
Additional detail on measurement units:	A CRI score is calculated for every individual compliance failure at water supply zones, supply points and treatment works, and service reservoirs. The annual CRI for a company, for any given calendar year, is the sum of the individual CRI scores for every compliance failure reported during the year (see the DWI Compliance Risk Index for further detail on the full calculations).
Specific exclusions:	There are no specific exclusions, however, for some special rules on calculation of risk score refer to the definition.
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Numerical CRI score, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year

Unique Reference	PR19YKY_20
	2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0.00	0.00	0.00	0.00	0.00
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		9.50	9.50	9.50	9.50	9.50
Underperformance deadband	Number		2.00	2.00	1.50	1.50	1.50
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.226
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.2 Water supply interruptions

Purpose: This performance commitment is designed to incentivise companies to minimise the number and duration of supply interruptions.

Benefits: Reducing the number and duration of interruption events improves the reliability of supply and reduces negative social and public health impacts on customers.

Performance commitment definition and parameters

Unique Reference	PR19YKY_21
Detailed definition of performance measure	<p>Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on 27 March 2018 https://www.ofwat.gov.uk/publication/reporting-guidance-supply-interruptions/</p> <p>It is calculated as the average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more</p>
Additional detail on measurement units	<p>Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation:</p> $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div$ <p><i>Total number of properties supplied (year end) = average number of minutes lost per customer</i></p> <p>Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply.</p> <p>Supply interruption: is defined as when the supply of water to a property is at a pressure of three metres or less (adjusted for any difference in ground or property level).</p>

Unique Reference	PR19YKY_21
	Duration of interruption: is defined as the length of time for which properties are without a continuous supply of water at a pressure over three metres. The duration shall only be considered in the calculation of the metric where the duration is three hours or greater.
Specific exclusions:	None
Reporting and assurance:	No specific requirements
Measurement unit and decimal places	Hours:minutes:seconds (HH:MM:SS) per property per year, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	ODI rate applies on a per minute basis.
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	HH:M M:SS	NA	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00
Enhanced underperformance collar	HH:M M:SS		00:19:17	00:19:17	00:19:17	00:19:17	00:19:17
Standard underperformance collar	HH:M M:SS		00:16:59	00:16:59	00:16:59	00:16:59	00:16:59
Underperformance deadband	HH:M M:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:M M:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:M M:SS		00:01:00	00:01:00	00:01:00	00:01:00	00:01:00
Enhanced outperformance cap	£		*	*	*	*	*

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.228
Underperformance payment - enhanced	-3.173
Outperformance payment - standard	1.228
Outperformance payment - enhanced	3.173

1.1.3 Leakage

Purpose: This performance commitment is designed to incentivise companies to reduce leakage.

Benefits: The benefits of reduced leakage are improved water resources supply/demand balance, reduced need for water abstraction and increased water supply network resilience.

Performance commitment definition and parameters

Unique Reference	PR19YKY_22
Detailed definition of performance measure	<p>The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline.</p> <p>The total level of leakage is defined in the Final reporting guidance for PR19 – Leakage, published on 27 March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-leakage/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in megalitres per day (Ml/d).</p>
Additional detail on measurement units	<p>Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage.</p> <p>Baseline total leakage is calculated as a three-year average of annual values for 2017-18, 2018-19 and 2019-20 and expressed in megalitres per day (Ml/d).</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline total leakage level expressed in megalitres per day (Ml/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company’s control.</p> <p>As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company’s actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-</p>

Unique Reference	PR19YKY_22
	<p>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>Outcome delivery incentives will be applied on a megalitres per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average leakage will be used to calculate outcome delivery incentives.</p>
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report leakage as a three year average in MI/d to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	<p>Percentage reduction from 2019-20 baseline, reported to one decimal place.</p> <p>The volumetric levels resulting from the application of the percentage reduction in megalitres per day (MI/d) reported to one decimal place.</p>
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	<p>Performance commitment levels are set as percentage reduction from 2019-20 baseline.</p> <p>Incentive payments relate to performance changes expressed in megalitres per day (MI/d).</p>
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	3.4	7.4	9.4	11.7	15.0
Tier 2 - underperformance collar – percentage reduction	%		-20.0	-20.0	-20.0	-20.0	-20.0
Tier 1 - underperformance collar – percentage reduction	%		-0.0	-0.0	-0.0	-0.0	-0.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		*	*	*	*	*
Enhanced outperformance cap	£		NA	NA	NA	NA	NA

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

Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment – Tier 1	-0.253
Underperformance payment – Tier 2	-0.167
Outperformance payment - standard	0.139
Outperformance payment - enhanced	NA

1.1.4 Per capita consumption

Purpose: This performance commitment is designed to incentivise companies to help customers reduce their consumption.

Benefits: The benefit of reduced per capita consumption (PCC) is to improve long term water resources supply/demand balance and reduce need for water abstraction.

Performance commitment definition and parameters

Unique Reference	PR19YKY_25
Detailed definition of performance measure	<p>Per capita consumption is defined in the Final reporting guidance for PR19 – Per Capita Consumption, published on 27 March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-per-capita-consumption/</p> <p>Three-year average values are calculated from annual average values for the reporting year and two preceding years and expressed in litres/person/day (l/p/d).</p>
Additional detail on measurement units	<p>Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population.</p> <p>The company should provide a commentary in its 2019-20 Annual Performance Report submission describing any differences in its baseline PCC expressed in litres per person per day (l/p/d) in comparison with its business plan forecast. Reasons for any differences should be clearly explained and their volumetric impacts on the baseline quantified.</p> <p>We reserve the right to intervene if the company does not clearly explain the reasons for differences or if the forecast 2019-20 service level is not met due to reasons which we consider to be within the company’s control.</p>

Unique Reference	PR19YKY_25
	Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels expressed as percentage reduction will be applied to 2019-20 baseline. The difference between this value to one decimal place and actual three year average per capita consumption will be used to calculate outcome delivery incentives.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report per capita consumption as a three year average in litres per person per day to one decimal place, corresponding to the percentage reduction reported.
Measurement unit and decimal places	Percentage reduction from 2019-20 baseline, reported to one decimal place. The volumetric levels resulting from the application of the percentage reduction in litres/person/day (l/p/d) reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in litres/person/day (l/p/d).
Links to relevant external documents	None

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	2.4	4.9	7.4	8.3	8.9
Enhanced underperformance collar – percentage reduction	%		-17.6	-17.6	-17.6	-17.6	-17.6
Standard underperformance collar – percentage reduction	%		-16.0	-16.0	-16.0	-16.0	-16.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		12.3	12.3	12.3	12.3	12.3
Enhanced outperformance cap	£		*	*	*	*	*

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

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.222
Underperformance payment - enhanced	-0.787
Outperformance payment - standard	0.185
Outperformance payment - enhanced	0.787

1.1.5 Mains repairs

Purpose: This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the infrastructure and below-ground water mains network and demonstrate its commitment to its asset stewardship responsibility.

Benefits: This performance commitment helps to ensure that the overall asset health of the water mains network is maintained and improved for the benefit of current and future generations.

Performance commitment definition and parameters

Unique Reference	PR19YKY_24
Detailed definition of performance measure	Mains repairs is defined in the reporting guidance for PR19 – Mains Repairs per 1000km, published on 27 March 2018. https://www.ofwat.gov.uk/publication/reporting-guidance-mains-repairs-per-1000km/ It is reported as the number of mains repairs per thousand kilometres of the entire water main network (excluding communication and supply pipes).
Additional detail on measurement units	Mains repairs – This includes all physical repair work to mains from which water is lost. Mains length – This is the length of all pipes conveying treated water around the distribution point but not including communication pipes or supply pipes.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	The company should report mains repaired pro-actively and reactively separately. Pro-active repairs are those completed by the company as a result of the company’s active leakage control (ALC) or its own leak detection activity. Reactive

Unique Reference	PR19YKY_24
	repairs are those that are completed as a result of a customer contact (made using any communication channel) informing the company of a leak.
Measurement unit and decimal places	Number of repairs per 1000km of mains, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	186.1	183.6	181.0	178.4	175.8
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		NA	NA	NA	NA	NA
Underperformance deadband	number		196.1	193.6	191.0	188.4	185.8
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		NA	NA	NA	NA	NA
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.167
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.6 Unplanned outage

Purpose: This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the non-infrastructure or above-ground water assets and demonstrate its commitment to its asset stewardship responsibility.

Benefits: This performance commitment helps to ensure that the overall asset health of the above-ground water assets is maintained and improved for the benefit of current and future generations.

Performance commitment definition and parameters

Unique Reference	PR19YKY_23
Detailed definition of performance measure	<p>Unplanned outage is defined in the reporting guidance for PR19 – Unplanned Outage, published on 4 April 2019. https://www.ofwat.gov.uk/publication/reporting-guidance-unplanned-outage/</p> <p>This measure is reported as the temporary loss of peak week production capacity (PWPC) in the reporting year weighted by the duration of the loss (in days). Unplanned outage for each water production site is calculated separately and then summed over the reporting year to give a total actual unplanned outage for the water resource zone.</p> <p>The company water resource zone weighted outage should then be summed (MI/d) and normalised based on overall company peak week production capacity to be reported as a percentage.</p>
Additional detail on measurement units	See reporting guidance for additional detail.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance	The company should report its current company level peak week production capacity (PWPC) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
Measurement unit and decimal places	Percentage of peak week production capacity, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19YKY_23
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	5.12	4.42	3.73	3.03	2.34
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		10.23	10.23	10.23	10.23	10.23
Underperformance deadband	%		6.14	5.30	4.48	3.64	2.81
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.799
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.7 Risk of severe restrictions in a drought

Purpose: To measure the resilience of each company to severe restrictions in a 1-in-200 drought and incentivise the improvement of this level of resilience in the short and longer term.

Benefits: A reduction in the risk of severe drought restrictions will reduce the associated risk of substantial costs and detrimental effects on customers' wellbeing.

Performance commitment definition and parameters

Unique Reference	PR19YKY_38
Detailed definition of performance measure	<p>The performance commitment drought risk is defined in the reporting guidance – Drought resilience metric, published on 13 March 2018: https://www.ofwat.gov.uk/publication/drought-resilience-metric-risk-of-severe-restrictions-in-a-drought/</p> <p>The overall metric will be, on a company basis, the percentage of the customer population at risk of experiencing severe restrictions in a 1-in-200 year drought, on average, over 25 years.</p>
Additional detail on measurement units	<p>The metric will be calculated using the following formula: $At\ risk\ if,\ DO - OA < DD + TH$</p> <p>Where:</p> <p>Deployable output (supply) = DO Outage allowance (unavailable supply) = OA Dry year demand = DD Target headroom (uncertainty) = TH</p> <p>The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of a water resource zone) by the total number of customers served by the company.</p>
Specific exclusions:	As defined in the reporting guidance.

Unique Reference	PR19YKY_38
Reporting and assurance	As defined in the reporting guidance.
Measurement unit and decimal places	Percentage of population at risk reported to one decimal place
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0.0	0.0	0.0	0.0	0.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19YKY_42
<p>Detailed definition of performance measure</p>	<p>This common performance commitment is defined in the reporting guidance ‘Reporting guidance – Common performance commitment for the Priority Service Register’.</p> <p>This performance commitment consists of the following criteria:</p> <ul style="list-style-type: none"> • The PSR reach: percentage of households that the company supplies with water and/or wastewater services that are registered on the company’s PSR; • Attempted contact: percentage of distinct households on the PSR that the company has attempted to contact over a two-year period; • Actual contact: percentage of distinct households on the PSR that the company has actually contacted over a two-year period. <p>To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.</p>
<p>Additional detail on measurement units</p>	<p>The performance commitment is calculated using the following formulas:</p> $PSR\ Reach = \left(\frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left(\frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left(\frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ <p>PSR [households] – Number of households on the PSR (recorded on 31 March)</p>

Unique Reference	PR19YKY_42
	<p>Total households – Total number of households served (recorded on 31 March)</p> <p>Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March)</p> <p>Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)</p>
Specific exclusions	None
Reporting and assurance	<p>Companies should also report the following information:</p> <p>PSR reach: companies should present PSR membership by separately reporting forecast annual figures for individuals registered receiving support through PSR services for a) communication, b) support with mobility and access restrictions c) support with supply interruption, d) support with security and e) support with other needs.</p> <p>PSR data-checking: Companies should report the number of households added and removed from the PSR if the data is not available to report numbers of individuals. Where possible, the company should report the corresponding figure for individuals alongside this.</p> <p>Regardless of whether an ‘attempted’ contact is undertaken through the company or a third party, we require all performance to be reported as part of the single ‘attempted contact’ measure in the company’s overall performance reporting to Ofwat.</p>
Measurement unit and decimal places	<p>PSR reach: percentage of applicable households, reported to one decimal place.</p> <p>Actual contacts: percentage of applicable households, reported to one decimal place.</p> <p>Attempted contacts: percentage of applicable households, reported to one decimal place</p>
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19YKY_42
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	4.0	5.8	7.5	9.1	10.0
Performance commitment level: Actual contact	%		17.5	35.0	35.0	35.0	35.0
Performance commitment level: Attempted contact	%		45.0	90.0	90.0	90.0	90.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.9 Internal sewer flooding

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

Benefits: A reduction in internal sewer flooding reduces disruption and other negative social impacts for customers.

Performance commitment definition and parameters

Unique Reference	PR19YKY_31
Detailed definition of performance measure	The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on 28 April 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/

Unique Reference	PR19YKY_31
	The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events.
Additional detail on measurement units	<p>Internal flooding: is defined as flooding which enters a building or passes below a suspended floor.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regulations 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.</p> <p>The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.</p>
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	<p>This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections.</p> <p>Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of incidents per 10,000 sewer connections reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance	In-period

Unique Reference	PR19YKY_31
and outperformance payments	
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	1.68	1.63	1.58	1.44	1.34
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		2.75	3.20	3.80	4.30	4.90
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		0.82	0.81	0.80	0.69	0.63
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-8.435
Underperformance payment - enhanced	NA
Outperformance payment - standard	8.435
Outperformance payment - enhanced	NA

1.1.10 Pollution incidents

Purpose: This performance commitment is designed to incentivise companies to reduce the number of pollution incidents that impact the environment.

Benefits: Delivery of this performance commitment will improve the quality of the environment by reducing the number of pollution incidents that occur.

Performance commitment definition and parameters

Unique Reference	PR19YKY_30
Detailed definition of performance measure	<p>From 1st April 2021, for companies operating mainly in England (ie Anglian Water, Northumbrian Water, Southern Water, Severn Trent Water, South West Water, Thames Water, United Utilities, Wessex Water and Yorkshire Water) pollution incidents is defined in the reporting guidance for Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology version 9 released by the Environment Agency in May 2021.</p> <p>EPA version 9 is published on our website here: Environment Agency water and sewerage company Environmental Performance Assessment (EPA) methodology (version 9) for 2021 to 2025 - Ofwat</p> <p>From 1st April 2021, for companies operating mainly in Wales (ie Hafren Dyfrdwy and Dŵr Cymru) pollution incidents is defined in the reporting guidance for Water & Sewerage Company Environmental Performance Assessment (EPA)</p>

Unique Reference	PR19YKY_30
	<p>Methodology version 8 released by Natural Resources Wales in May 2021.</p> <p>EPA version 8 is published on our website here: https://www.ofwat.gov.uk/publication/environment-agencys-epa-methodology/%C2%A0</p> <p>Pollution incidents is reported as the total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar year. In comparison to EPA version 8, EPA version 9 contains a minor update to the sewer lengths of one company operating in England. The methodologies are otherwise equivalent with regards to reporting of pollution incidents.</p>
Additional detail on measurement units	As defined in the reporting guidance
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	<p>This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer.</p> <p>Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.</p>
Measurement unit and decimal places	Number of pollution incidents per 10,000 km of the wastewater network to two decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.

Unique Reference	PR19YKY_30
Any other relevant information	NA
Links to relevant external documents	<p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf</p> <p>Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency</p>

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	24.51	23.74	23.00	22.40	19.50
Enhanced underperformance collar	Number		98.00	98.00	98.00	98.00	98.00
Standard underperformance collar	Number		41.60	41.60	41.60	41.60	41.60
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		11.83	11.46	11.11	10.82	9.42
Enhanced outperformance cap	£		*	*	*	*	*

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.686
Underperformance payment - enhanced	-1.195
Outperformance payment - standard	0.436
Outperformance payment - enhanced	0.600

1.1.11 Risk of sewer flooding in a storm

Purpose: This performance commitment is designed to incentivise companies to better understand flood risk in their region and utilise this knowledge to develop long term strategies and so over the long term reduce the risk of sewer flooding.

Benefits: Reduction of flood risk during storm events protects customers and the environment from the disruption and costs associated with flood events. Reduced cost of flood resilience for customers through a better understanding of flood risks and appropriate interventions.

Performance commitment definition and parameters

Unique Reference	PR19YKY_34
Detailed definition of performance measure	The performance commitment risk of sewer flooding in a storm is defined in the reporting guidance – risk of sewer flooding in a storm, published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/ This measure will record the percentage of the region’s population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions.
Additional detail on measurement units	See guidance document for full details of the calculation and measurements units.
Specific exclusions	As defined in the guidance.
Reporting and assurance	As defined in the guidance.
Measurement unit and decimal places	Percentage of population at risk, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual

Unique Reference	PR19YKY_34
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	22.20	22.20	22.20	22.20	22.20
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.1.12 Sewer collapses

Purpose: This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the infrastructure or below-ground wastewater assets and demonstrate its commitment to its asset stewardship responsibility.

Benefits: This performance commitment helps to ensure that the overall asset health of the below-ground wastewater assets is maintained and improved for the benefit of current and future generations.

Performance commitment definition and parameters

Unique Reference	PR19YKY_33
Detailed definition of performance measure	Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/ Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment
Additional detail on measurement units	Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported. Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.
Specific exclusions	As defined in the guidance.
Reporting and assurance	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
Measurement unit and decimal places	Number of collapses per 1000km of sewer network to two decimal places
Measurement timing	Reporting year

Unique Reference	PR19YKY_33
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	18.26	17.55	16.83	16.11	15.39
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.221
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.13 Treatment works compliance

Purpose: This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the non-infrastructure or above-ground wastewater assets and demonstrate its commitment to its asset stewardship responsibility.

Benefits: This performance commitment helps to ensure that the overall asset health of the above-ground wastewater assets is maintained and improved for the benefit of current and future generations.

Performance commitment definition and parameters

Unique Reference	PR19YKY_32
Detailed definition of performance measure	<p>From 1st April 2021, for companies operating mainly in England (ie Anglian Water, Northumbrian Water, Southern Water, Severn Trent Water, South West Water, Thames Water, United Utilities, Wessex Water and Yorkshire Water) treatment works compliance is defined in the reporting guidance for Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology version 9 released by the Environment Agency in May 2021.</p> <p>EPA version 9 is published on our website here: Environment Agency water and sewerage company Environmental Performance Assessment (EPA) methodology (version 9) for 2021 to 2025 - Ofwat</p> <p>From 1st April 2021, for companies operating mainly in Wales (ie Hafren Dyfrdwy and Dŵr Cymru) treatment works</p>

Unique Reference	PR19YKY_32
	<p>compliance is defined in the reporting guidance for Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology version 8 released by Natural Resources Wales in May 2021.</p> <p>EPA version 8 is published on our website here: https://www.ofwat.gov.uk/publication/environment-agencys-epa-methodology/%C2%A0</p> <p>There are no differences between methodologies which result in different impacts on reporting of treatment works compliance performance commitments for companies operating in England or Wales.</p> <p>The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.</p>
Additional detail on measurement units	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance above.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage compliance to two decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	95% wastewater network plus 5% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year

Unique Reference	PR19YKY_32
	2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	100.00	100.00	100.00	100.00	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		99.00	99.00	99.00	99.00	99.00
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.188
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.14 C-MeX

Purpose: This performance commitment is designed to incentivise companies to improve the experience they provide to residential customers.

Benefits: This performance commitment should increase residential customer satisfaction, by improving both the overall customer experience and companies' handling of customer contacts.

Performance commitment definition and parameters

Unique Reference	PR19YKY_19
<p>Detailed definition of performance measure</p>	<p>The customer measure of experience (C-MeX) is a measure of customer satisfaction. A company's C-MeX score is calculated as the weighted average of customer satisfaction (CSAT) scores from customer service (CS) and customer experience (CE) surveys.</p> <p>Standard and higher performance payments under C-MeX depend on a company's performance relative to those of other companies.</p> <p>Higher performance payments are available if the company passes each of the following three 'gates':</p> <ul style="list-style-type: none"> • the company is one of the top three performers by C-MeX score; • the company is at or above a cross-sector threshold of customer satisfaction performance based on the all-sector upper quartile (ASUQ) of the UK Customer Satisfaction Index (UKCSI); and • the company has lower than the industry average number of household complaints (per 10,000 connections).
<p>Additional detail on measurement units</p>	<p>The company's C-MeX score (determined before the application of any adjustment for the number of channels offered) is calculated using the following formula:</p> $C-MeX\ score = 50\% * CS-CSAT + 50\% * CE-CSAT$ <p>Each CSAT score is rescaled to be out of 100.</p> <p>Three points are deducted from the C-MeX score if the company does not offer at least five communication channels, including three online channels, to receive contacts from customers.</p>

Unique Reference	PR19YKY_19
	<p>Standard payments</p> <p>The company’s C-MeX incentive rate (determined before the application of any higher performance payment for passing the three gates) depends on its C-MeX score relative to those of other companies. Specifically, it depends on the company’s score relative to the median company’s score and either the highest or lowest performing company’s score. This is demonstrated as follows:</p> <p><i>if score > median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p><i>if score < median :</i></p> $(score - median) * (12\% / (median - minimum))$ <p><i>if score = median :</i></p> <p style="text-align: center;">0%</p> <p>where:</p> <ul style="list-style-type: none"> • ‘score’ is the company’s C-MeX score in the reporting year; • ‘median’ is the median score of all companies’ C-MeX scores in the reporting year; • ‘maximum’ is the highest score achieved by a company in the reporting year; and • ‘minimum’ is the lowest score achieved by a company in the reporting year. <p>Higher performance payments</p> <p>Up to three companies could receive higher performance payments. The company with the highest score that passes the three gates receives an additional 6% of that year’s annual allowed residential retail revenue, potentially taking its total outperformance payments to 12%. If a second company qualifies, it will receive an additional 4% and if a third company qualifies it will receive an additional 2%. For the avoidance of doubt, if only one company passes the three gates it will</p>

Unique Reference	PR19YKY_19
	<p>receive an additional 6% regardless of whether it is has the highest C-MeX score across all companies.</p> <p>The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula:</p> $C-MeX\ ASUQ = C-MeX\ Mean + (UKCSI\ ASUQ - UKCSI\ Mean) / UKCSI\ SD * C-MeX\ SD$ <p>where:</p> <ul style="list-style-type: none"> • 'C-MeX Mean' is the mean average of all water companies' C-MeX scores; • 'UKCSI ASUQ' is the upper quartile of the CSI scores of all companies in the UKCSI report relating to the relevant year (eg for C-MeX in 2020-21, the UKCSI ASUQ would be based on data from the July 2021 UKCSI surveys); • 'UKCSI Mean' is the mean average score of water companies in the UKCSI report relating to the relevant year; • 'UKCSI SD' is the standard deviation of water companies' scores in the UKCSI report relating to the relevant year; and • 'C-MeX SD' is the standard deviation of the C-MeX scores of all water companies. <p>The underlying methodology for the UKCSI may change during the 2020-25 period. We will continue to use future iterations of the UKCSI upper quartile, mean and standard deviation for the purposes of C-MeX. However, if the UKCSI methodology moves away from a league table approach such that we cannot quantify an upper quartile or no longer has a sufficient number of water companies in its sample, we will use the last appropriate UKCSI results instead in our in-period determinations.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will provide a statement that confirms whether the company offered at least five communication channels for receiving customer contacts and complaints and at least three online channels throughout the reporting year.</p> <p>Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.</p>
Measurement unit and decimal places	Score out of 100 to two decimal places

Unique Reference	PR19YKY_19
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	The company's C-MeX payments are calculated by multiplying its incentive rate by its annual allowed residential retail revenue (as described in the company's 'Allowed revenue appendix' or as updated following any interim determinations or in-period ODI adjustments in the 2020-25 period).
Links to relevant external documents	'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix' https://www.cwater.org.uk/ https://www.instituteofcustomerservice.com/

Incentive rates

Incentive type	Incentive rate (% of annual allowed residential retail revenue)
Underperformance payment – standard rate if company's score < median score	$(score - median) * (12\% / (median - minimum))$
Deadband If company's score = median score	0%
Outperformance payment – standard rate if company's score > median score	$(score - median) * (6\% / (maximum - median))$
Outperformance payment – higher rate (Applies if meeting the three gates for highest payments and additional to standard incentive rates)	+6% if the company has the highest C-MeX score of companies passing the three gates +4% if the company has the second highest C-MeX score of companies passing the three gates +2% if the company has the third highest C-MeX score of companies passing the three gates

1.1.15 D-MeX

Purpose: This performance commitment is designed to incentivise companies to improve the experience they provide to developer services (new connections) customers, including property developers, self-lay providers and those with new appointments and variations (NAVs).

Benefits: This performance commitment should increase developer customer satisfaction, by improving the overall customer experience for all developer services customers.

Performance commitment definition and parameters

Unique Reference	PR19YKY_10
<p>Detailed definition of performance measure</p>	<p>D-MeX is a measure of customer satisfaction. A company’s overall D-MeX score is calculated from two components that contribute equally:</p> <ul style="list-style-type: none"> • qualitative D-MeX score, based on the ratings provided by developer services customers who transacted with the company throughout the reporting year to a customer satisfaction survey; and • quantitative D-MeX score, based on the company’s performance against a set of selected Water UK performance metrics throughout the reporting year. <p>The survey results which are used to calculate the qualitative component of the company’s D-MeX score will be supplied by a survey agent appointed by Ofwat. This is supplied out of 100 to form the score for the qualitative component of D-MeX.</p> <p>Qualitative metrics</p> <p>The metrics which are to be supplied by the company to Ofwat’s survey agent for the qualitative component are as follows:</p> <p>The metrics that apply from 1 April 2020 to 30 September 2020 are set out in annex 1 of ‘PR19 final determinations: Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix’.</p> <p>For all companies, from 1 October 2020:</p> <ul style="list-style-type: none"> • W1.1 Pre-development enquiry – reports issued within target • W3.1 s45 quotations – within target

Unique Reference	PR19YKY_10
	<ul style="list-style-type: none"> • W4.1 s45 service pipe connections – within target • W6.1 Mains design <500 plots – quotations within target • W7.1 Mains design >500 plots – quotations within target • W8.1 Mains construction within target • W17.1 Mains diversions (without constraints) – quotations within target • W17.2 Mains diversions (with constraints) – quotations within target • W18.1 Mains diversions - construction/commissioning within target • S1.1 Pre-development enquiry – reports issued within target • S3.1 Sewer requisition design – offers issued within target • S4.1 Sewer requisition – constructed and commissioned within agreed extension • S6.1 Technical vetting of adoptions & diversions – approval or rejection letters within target • S7.1 Adoption legal agreement – draft agreements issued within target • S8.1 s106 sewer connection – approval letters issued within target • S9.1 s106 sewer connection – rejection letters issued within target • WN1.1 % of confirmations issued to the applicant within target period • WN2.2 % Bulk supply offer letters issued to the applicant within target period • WN3.1 % Bulk water supply agreement signed and issued to the applicant within target period • WN4.1 % of main laying schemes constructed and commissioned within the target period • WN4.2 % of testing supplies provided within target period • WN4.3 % of permanent supplies made available within the target period • SN2.2 % Bulk discharge offer letters issued to the applicant within target period • SN3.1 % Bulk discharge agreement signed and issued to the applicant within target period

Unique Reference	PR19YKY_10
	<ul style="list-style-type: none"> • SN4.1 % of main laying schemes constructed and commissioned within the target period <p>and, for customer quotes provided before 1 April 2021, the following metrics also apply:</p> <ul style="list-style-type: none"> • W20.1 Self-lay Point of Connection report < 500 plots etc - reports issued within target • W21.1 Self-lay Point of Connection reports >500 plots etc - reports issued within target • W23.1 Self-lay design and terms request <500 plots etc – quotations within target • W24.1 Self-lay design and terms request >500 plots etc – quotations within target • W25.1 Self-lay signed agreement – acknowledgements within target • W26.1 Self-lay water for pressure/bacteriological testing – provided within target • W27.1 Self-lay permanent water supply – provided within target • W28.1 Self-lay vesting certificates – issued within target • W29.1 Self-lay Asset Payments – issued within target • W30.1 Self-lay plot references and costing details – issued within target <p>and, for customer quotes provided on or after 1 April 2021, the following metrics also apply:</p> <ul style="list-style-type: none"> • SLPM – S1/2 – Review PoC proposal • SLPM – S2/1b – Water Company to Review SLP design application • SLPM - S2/2a – Provide design • SLPM - S2/2b – Water Company to Provide design acceptance • SLPM – S3 – Review / revise Water Adoption Agreement • SLPM – S4/1 – Source of Water Delivery Date • SLPM – S5/1a – Review request and carry out Final Connection • SLPM – S5/1b – Review application and agree date of Final Connection • SLPM – S6 – Issue vesting certificate • SLPM – S7/1 – Validate notification and provide

Unique Reference	PR19YKY_10
	<p>consent to progress with connection</p> <p>For companies wholly or mainly in England, in addition to the list above, from 1 October 2020:</p> <ul style="list-style-type: none"> • SAM 1/2 Review pre-design application • SAM 2/2 Review Design Step 1: Full design review and response • SAM 2/3 Review Design Step 2: Design acceptance • SAM 3/1 Update draft agreement • SAM 4/1 Inspections & construction period • SAM 5/1 Request for pre maintenance inspections • SAM 5/2 Issue pre maintenance certificate/provisional certificate • SAM 6/2 Issue vesting certificate <p>Quantitative metrics</p> <p>When calculating the quantitative component of D-MeX, metrics that have zero activities reported against them do not affect the D-MeX score.</p> <p>The set of Water UK performance metrics which are used to calculate the quantitative component of the company’s D-MeX score are as follows:</p> <p>For all companies, from 1 April 2020 to 30 September 2020:</p> <ul style="list-style-type: none"> • W1.1 Pre-development enquiry - reports issued within target • W3.1 s45 quotations - within target • W4.1 s45 service pipe connections - within target • W6.1 Mains design <500 plots - quotations within target • W7.1 Mains design >500 plots - quotations within target • W8.1 Mains construction within target • W17.1 Mains diversions (without constraints) - quotations within target • W17.2 Mains diversions (with constraints) - quotations within target • W18.1 Mains diversions - construction/commissioning within target • W20.1 Self lay Point of Connection report < 500 plots etc - reports issued within target • W21.1 Self lay Point of Connection reports >500 plots

Unique Reference	PR19YKY_10
	<p>etc - reports issued within target</p> <ul style="list-style-type: none"> • W23.1 Self lay design and terms request <500 plots etc - quotations within target • W24.1 Self lay design and terms request >500 plots etc - quotations within target • W26.1 Self lay water for pressure/bacteriological testing - provided within target • W27.1 Self lay permanent water supply - provided within target • W30.1 Self lay plot references and costing details - issued within target • S1.1 Pre-development enquiry - reports issued within target • S3.1 Sewer requisition design - offers issued within target • S4.1 Sewer requisition - constructed and commissioned within agreed extension • S7.1 Adoption legal agreement - draft agreements issued within target <p>For companies wholly or mainly in England, from 1 October 2020:</p> <ul style="list-style-type: none"> • W1.1 Pre-development enquiry – reports issued within target • W3.1 s45 quotations – within target • W4.1 s45 service pipe connections – within target • W6.1 Mains design <500 plots – quotations within target • W7.1 Mains design >500 plots – quotations within target • W8.1 Mains construction within target • W17.1 Mains diversions (without constraints) – quotations within target • W17.2 Mains diversions (with constraints) – quotations within target • W18.1 Mains diversions – construction/commissioning within target • S1.1 Pre-development enquiry – reports issued within target • S3.1 Sewer requisition design – offers issued within target • S4.1 Sewer requisition – constructed and

Unique Reference	PR19YKY_10
	<p>commissioned within agreed extension</p> <ul style="list-style-type: none"> • S7.1 Adoption legal agreement – draft agreements issued within target • WN1.1 % of confirmations issued to the applicant within target period • WN2.2 % Bulk supply offer letters issued to the applicant within target period • WN4.1 % of main laying schemes constructed and commissioned within the target period • WN4.2 % of testing supplies provided within target period • WN4.3 % of permanent supplies made available within the target period • SN2.2 % Bulk discharge offer letters issued to the applicant within target period • SN4.1 % of main laying schemes constructed and commissioned within the target period • SAM 3/1 Update draft agreement • SAM 4/1 Inspections and construction period <p>and, for quotes provided before 1 April 2021, the following metrics also apply:</p> <ul style="list-style-type: none"> • W20.1 Self lay Point of Connection report < 500 plots etc – reports issued within target • W21.1 Self lay Point of Connection reports >500 plots etc – reports issued within target • W23.1 Self lay design and terms request <500 plots etc – quotations within target • W24.1 Self lay design and terms request >500 plots etc – quotations within target • W26.1 Self lay water for pressure/bacteriological testing – provided within target • W27.1 Self lay permanent water supply – provided within target • W30.1 Self lay plot references and costing details – issued within target <p>and, for quotes provided on or after 1 April 2021, the following metrics also apply:</p> <ul style="list-style-type: none"> • SLPM – S1/2 – Review PoC proposal • SLPM - S2/2a – Provide design • SLPM - S2/2b – Water Company to Provide design

Unique Reference	PR19YKY_10
	<p>acceptance</p> <ul style="list-style-type: none"> • SLPM – S3 – Review / revise Water Adoption Agreement • SLPM – S4/1 – Source of Water Delivery Date • SLPM – S5/1a – Review request and carry out Final Connection • SLPM – S7/1 – Validate notification and provide consent to progress with connection <p>For companies wholly or mainly in Wales, from 1 October 2020:</p> <ul style="list-style-type: none"> • W1.1 Pre-development enquiry – reports issued within target • W3.1 s45 quotations – within target • W4.1 s45 service pipe connections – within target • W6.1 Mains design <500 plots – quotations within target • W7.1 Mains design >500 plots – quotations within target • W8.1 Mains construction within target • W17.1 Mains diversions (without constraints) – quotations within target • W17.2 Mains diversions (with constraints) – quotations within target • W18.1 Mains diversions – construction/commissioning within target • W20.1 Self lay Point of Connection report < 500 plots etc – reports issued within target • W21.1 Self lay Point of Connection reports >500 plots etc – reports issued within target • W23.1 Self lay design and terms request <500 plots etc – quotations within target • W24.1 Self lay design and terms request >500 plots etc – quotations within target • W26.1 Self lay water for pressure/bacteriological testing – provided within target • W27.1 Self lay permanent water supply – provided within target • W30.1 Self lay plot references and costing details – issued within target • S1.1 Pre-development enquiry – reports issued within target

Unique Reference	PR19YKY_10
	<ul style="list-style-type: none"> • S3.1 Sewer requisition design – offers issued within target • S4.1 Sewer requisition – constructed and commissioned within agreed extension • S7.1 Adoption legal agreement – draft agreements issued within target • WN1.1 % of confirmations issued to the applicant within target period • WN2.2 % Bulk supply offer letters issued to the applicant within target period • WN4.1 % of main laying schemes constructed and commissioned within the target period • WN4.2 % of testing supplies provided within target period • WN4.3 % of permanent supplies made available within the target period • SN2.2 % Bulk discharge offer letters issued to the applicant within target period • SN4.1 % of main laying schemes constructed and commissioned within the target period <p>For each metric, a percentage is reported and a simple average of these metrics is taken. This is rescaled to be out of 100 to form the score for the quantitative component of D-MeX. For the 2020-21 reporting year only, companies are to separately calculate their performance against the metrics that apply in each half-year period and the annual score for the quantitative component will be an average of these two half-year scores.</p> <p>The full definition for each metric is on Ofwat’s website: https://www.ofwat.gov.uk/outcomes-definitions-pr19/</p>
<p>Additional detail on measurement units</p>	<p>The company’s D-MeX score is calculated using the following formula:</p> $D\text{-MeX score} = 50\% * Qual + 50\% * Quant$ <p>where:</p> <ul style="list-style-type: none"> • ‘Qual’ is a simple average of satisfaction scores given by developer customers surveyed in the developer customer satisfaction survey in the reporting year; and

Unique Reference	PR19YKY_10
	<ul style="list-style-type: none"> • ‘Quant’ is a simple average of the selected Water UK performance metrics which have non-zero volumes in the reporting year. <p>Outperformance and underperformance payments</p> <p>The company’s D-MeX incentive rate depends on its D-MeX score relative to those of other companies. Specifically, it depends on the company’s score relative to the median company’s score and either the highest or lowest performing company’s score. This is demonstrated as follows:</p> <p><i>if score > median :</i></p> $(score - median) * (6\% / (maximum - median))$ <p><i>if score < median :</i></p> $(score - median) * (12\% / (median - minimum))$ <p><i>if score = median :</i></p> <p style="text-align: center;">0%</p> <p>where:</p> <ul style="list-style-type: none"> • ‘score’ is the company’s D-MeX score in the reporting year; • ‘median’ is the median score of all companies’ D-MeX scores in the reporting year; • ‘maximum’ is the highest score achieved by a company in the reporting year; and • ‘minimum’ is the lowest score achieved by a company in the reporting year.
Specific exclusions	None
Reporting and assurance	<p>The company will report the process the company has taken to assure itself that its performance against the selected Water UK metrics in D-MeX are an accurate reflection of its underlying performance in the reporting year, and any findings that indicate this is not the case.</p> <p>Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.</p>

Unique Reference	PR19YKY_10
Measurement unit and decimal places	Score out of 100 to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	Water network plus and wastewater network plus. The allocation between both controls will vary each reporting year based on the relative outturn developer services revenues collected by the company for water and wastewater services.
Frequency of reporting	Annual
Any other relevant information	<p>The company's D-MeX payments are calculated by multiplying its incentive rate by its annual actual developer services revenue as reported for the following components (for each of water and wastewater):</p> <ul style="list-style-type: none"> • connection charges; • infrastructure charge receipts – new connections; • requisitioned mains; • requisitioned sewers; • diversions; and • other contributions (price control). <p>The Water UK metrics that form the basis of the quantitative component of D-MeX may change in the 2020-25 period. The Water UK metrics that contribute to the qualitative survey may change as well.</p> <p>In determining whether to make changes to D-MeX as a performance commitment in light of changes to the Water UK metrics, our decision will be based on the principles that revisions are in customer interests, support consistent and fair comparisons between companies and align with our wider duties. We will consult with stakeholders prior to making any changes.</p>
Links to relevant external documents	'PR19 final determinations – Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'

Unique Reference	PR19YKY_10
	https://developerservices.water.org.uk

Incentive rates

Incentive type	Incentive rate (% of annual actual developer services revenue)
Underperformance payment – standard rate if company’s score < median score	$(score - median) * (12\% / (median - minimum))$
Deadband If company’s score = median score	0%
Outperformance payment – standard rate if company’s score > median score	$(score - median) * (6\% / (maximum - median))$

1.2 Bespoke performance commitments

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

Companies have developed bespoke performance commitments that reflect customers' preferences. Allowing companies to propose their own performance commitments allows them to innovate and target their customers' values and concerns in the context of their specific circumstances.

1.2.1 Working with others

Purpose: This performance commitment is designed to incentivise the company to work in partnership with independent agencies, organisations or individuals.

Benefits: Collaborative working with third parties can increase overall benefits and/or lower costs than the company working alone. Projects funded will contribute to, amongst other things, enhanced levels of flood alleviation and protection, increased levels of biodiversity and improvements in water quality through catchment management.

Performance commitment definition and parameters

Unique Reference	PR19YKY_1
Detailed definition of performance measure	<p>The cumulative number of partnership projects the company delivers in partnership with independent agencies, organisations or individuals in the 2020-25 period.</p> <p>Projects are activities where the company contributes to direct financial or in-kind support, capital or operational programmes, investigations, and feasibility studies or investigations.</p> <p>Partnerships are defined as projects where the company engages in activity with independent not for profit third-party organisations, agencies or individuals for the delivery of a shared objective.</p> <p>All partnership projects selected will go through the same business approval processes as any other projects within the company and have the same level of scrutiny and challenge. Only partnership projects with a clear cost benefit to help meet the company's business objectives and customer outcomes will be selected.</p>

Unique Reference	PR19YKY_1
	<p>The company can claim individual partnership projects that are part of a broader partnership as long as they are self-contained projects with their own distinct goals and benefits.</p> <p>Once a partnership project has been identified, acceptance of the project will be determined through an appropriate internal governance process. The project scheme must meet the eligibility criteria, and include full details of:</p> <ul style="list-style-type: none"> • partners involved; • total costs of the scheme; • contribution required from the company (financial or otherwise); • timescales for completion; • criteria for determining a successful outcome; • proposed project steering group (including third party members) including relevant skills and qualifications; and • project governance. <p>The full list of eligibility criteria will be documented in advance of the 2020-21 reporting year and will be published in the company’s Annual Performance Report (APR). The Yorkshire Forum for Water Customers will provide assurance it is appropriate.</p> <p>Some partnership projects will deliver benefits upon completion. Others may take longer to achieve measurable benefits. In these cases, projects will be considered completed when the project steering group agrees that the substantive benefits of the partnership project have been delivered.</p> <p>The company will maintain documented reports that set out the benefits delivered from each partnership project and how these have been determined.</p>
<p>Additional detail on measurement units</p>	<p>For the purposes of this performance commitment ‘benefits’ are considered as partnership projects that:</p> <ul style="list-style-type: none"> • enable delivery of a much larger/wider schemes than if the company acts in isolation; • save money, including avoided operational costs; • provide additional benefits such as recreational or biodiversity benefits; • enable access to specialist technical expertise, such as local charities /volunteers; • remove surface water from the company’s network; and • with the company’s involvement would leverage additional funding (for example by demonstrating

Unique Reference	PR19YKY_1
	match funding for bids).
Specific exclusions	<p>The following types of projects are excluded from the measurement of this performance commitment:</p> <ul style="list-style-type: none"> • the company’s own research and development activity; • business as usual delivery of capital projects by contractors; and • repair and maintenance or other framework contracts. • Projects that deliver benefits taken into account for the PR19YKY_2 Land conserved and enhanced performance commitment.
Reporting and assurance	<p>The company will report cumulative progress on an annual basis through its Annual Performance Report setting out if it is on track to achieve the cumulative 2024-25 performance commitment level. Any outperformance payments will be calculated and applied based on the cumulative total in 2024-25.</p> <p>Partnership projects completed on or before the 31 March will be reported in that year.</p> <p>In order to guarantee the range and quality of the partnership projects delivered, each partnership project will only be considered to contribute to the performance commitment if it meets the published criteria. The Yorkshire Forum for Water Customers will provide assurance on this. Performance will be measured and reported annually.</p> <p>The company will commission and publish a report at PR24 by an appropriately qualified third party that estimates the additional benefits to customers delivered from the company working with third parties as opposed to what the company would have achieved on its own. It will also set out any learning that would increase the benefits of partnerships in the future.</p>
Measurement unit and decimal places	Number of projects reported to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	<p>Outperformance payments</p> <p>The outperformance payment will not exceed 50% of the additional benefits delivered to customers through partnership working.</p>

Unique Reference	PR19YKY_1
Timing of underperformance and outperformance payments	End of period
Price control allocation	58% water resources 42% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	Partnerships and projects may be established to test or trial a concept or technique. If, in the event the test or trail is unsuccessful, the project can still be claimed provided the company can demonstrate that substantive benefits have been delivered.
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	3	9	18	30	45
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	5% of average totex spent on partnerships up to a maximum of 50% of the assessed benefits
Outperformance payment - enhanced	NA

1.2.2 Land conserved and enhanced

Purpose: This performance commitment is designed to incentivise the company to increase the amount of land that is enhanced by its land management and biodiversity activities.

Benefits: This performance commitment will increase the diversity, functionality and resilience of ecosystems in the company's region by delivering programmes of work targeted at enhancing the natural environment.

Performance commitment definition and parameters

Unique Reference	PR19YKY_2
Detailed definition of performance measure	<p>The cumulative area of land conserved and enhanced in the company's region through land management and biodiversity focused projects and investments on land owned, and not owned, by the company in the 2020-25 period.</p> <p>The performance commitment includes the following statutory programmes:</p> <ul style="list-style-type: none"> • Site of Special Scientific Interest (SSSI) programme; • Local Wildlife Sites or similar, programme; • Other schemes benefiting biodiversity (for example, delivering best practice land management schemes); and • 'Beyond Nature' land management. <p>The performance commitment covers the company's legal obligations and will also deliver additional environmental benefits.</p> <p>The company will define at the outset the area of land to be conserved and enhanced and the required actions.</p>

Unique Reference	PR19YKY_2
	Following delivery of the investment scheme, the company will confirm the scheme has delivered the intended output, or outcome as required. The company must also achieve relevant regulatory sign-off. If all the above criteria are met, the hectares can be claimed for the performance commitment.
Additional detail on measurement units	<p>Where there is no defined hectarage for a project, the area of land claimed will be based on professional judgement of the functional ecosystems benefitting from the intervention and agreed with Natural England and/or the Environment Agency as appropriate.</p> <p>Natural England is the body responsible for determining the condition of the SSSIs and if it does not have resource to complete surveys, in an absence of further information, the company can assume the condition stated at the start of 2020 will be held for the remainder of the 2020-25 period.</p> <p>Where there are amendments to Natural England’s Remedies Database, due to a change in designation, the company will assume the designation at the start of 2020 is applicable for the purposes of the performance commitment.</p>
Specific exclusions	None
Reporting and assurance	<p>Water Industry National Environment Programme (WINEP) driven measures will be overseen by the Environment Agency and/or Natural England and the company must achieve their sign off to achieve completion.</p> <p>For non-WINEP schemes, evidence of delivery will be provided annually, in writing, by an appropriately qualified independent body (Natural England) or another recognised environmental non-government organisation (NGO).</p> <p>Progress will be reported annually through the Annual Performance report. Any outperformance or underperformance payments will be calculated and applied based on the cumulative total in 2024-25.</p>
Measurement unit and decimal places	Number of hectares to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments only for 2024-25

Unique Reference	PR19YKY_2
Timing of underperformance and outperformance payments	End of period
Price control allocation	70% water resources 30% wastewater network plus
Frequency of reporting	Cumulative progress will be measured annually throughout 2020-2025 on 31 March. The cumulative total on 31 March 2025 will provide the five-year total.
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Hectares	NA	3,048	6,096	9,143	12,191	15,239
Enhanced underperformance collar	Hectares		NA	NA	NA	NA	NA
Standard underperformance collar	Hectares		NA	NA	NA	NA	NA
Underperformance deadband	Hectares		NA	NA	NA	NA	NA
Outperformance deadband	Hectares		NA	NA	NA	NA	NA
Standard outperformance cap	Hectares		NA	NA	NA	NA	NA
Enhanced outperformance cap	Hectares		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.001132
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.001132
Outperformance payment - enhanced	NA

1.2.3 Integrated catchment management

Purpose: This performance commitment is designed to encourage the company to work with stakeholders to develop integrated catchment plans that deliver multiple benefits to the natural, social and human environment.

Benefits: Achievement of the performance commitment target will enhance environmental water quality, flood management, carbon management, biodiversity as well human aspects such as recreation, health and wellbeing.

Performance commitment definition and parameters

Unique Reference	PR19YKY_3
Detailed definition of performance measure	<p>The cumulative percentage of catchments in which Yorkshire Water operates where, working with stakeholders, the company implements the 'Natural Capital Operator' approach in the 2020-25 period.</p> <p>Implementation of the approach requires that a Natural Capital Operator based management plan is formally developed, agreed, and relevant actions implemented.</p> <p>The Natural Capital Operator Model is a model where a Systems Operator provides a central oversight and management function, to both ensure optimal and sustainable use and management of natural capital, and to coordinate investment and management decisions. For each catchment, an independently reviewed Natural Capital Operator management plan will be developed, consulted upon, and agreed with stakeholders including Natural England, the Environment Agency, the relevant Catchment Based Approach (CaBA) partnership, Local Nature Partnership, the Yorkshire Water Biodiversity Advisory Panel; and external regional stakeholders, such as</p>

Unique Reference	PR19YKY_3
	<p>Wildlife and Rivers Trusts.</p> <p>The company will establish a catchment specific stakeholder steering group to deliver the catchment management plan, which will demonstrate:</p> <ul style="list-style-type: none"> • evidence of current, past and anticipated future performance; • stakeholder needs from the natural capital and the ecosystem services, with a focus on aspects most relevant to the water consumer; and • required actions, investments and future management plans needed to restore and protect the natural capital. <p>The stakeholder group will work to implement the Natural Capital Operator model and agree the sustainable use and management of the natural assets in the catchment.</p> <p>Catchments will be selected based on where the company can demonstrate that:</p> <ul style="list-style-type: none"> • it has an operational presence within the catchment (for example, water abstraction or wastewater processing); • there will be a clear benefit for customers by implementing this process; and • there is adequate opportunity to gather the required information to drive change.
<p>Additional detail on measurement units</p>	<p>For each catchment where the company develops a Natural Capital Operator plan, it will produce the following items.</p> <ul style="list-style-type: none"> • A multi-stakeholder catchment management plan to sustainably manage and grow the benefits its customers take from the Natural, Social and Human Capitals identified. This will incorporate an investment plan for the catchment, which will be used to inform the future investment proposals or justify work with other parties to deliver similar or greater outcomes at a reduced cost. • A list of specific actions to be implemented during the 2020-25 period and a list of remaining actions for future reporting periods. • An engagement strategy and communications plan. • An interactive, publicly accessible geographic information system (GIS) map, detailing evidence collated, relevant six capitals stocks, internal and external stakeholder pressures, and investment areas.

Unique Reference	PR19YKY_3
	<ul style="list-style-type: none"> • Reports on the outcomes for customers. <p>The relevant Water Framework Directive operational catchment, as in effect at the time of PR19 final determinations publication, will be used as the spatial boundary for the plan. If plans are developed for adjacent operational catchments independently, they will be considered as two catchment plans. If plans for a single operational catchment include a section of an adjacent operational catchment, then it will be considered a single catchment plan. For example, if Catchment A lies upstream of Catchment B and the company has a river abstraction at the upstream end of Catchment B, it will focus on water quality improvements in Catchment A and the upper end of Catchment B under a single plan).</p> <p>Further relevant definitions</p> <p>‘For the purpose of this programme, catchments are constrained to the operational catchments in which Yorkshire Water operates and has a dominant presence. It includes the 39 operational catchments present across Yorkshire (within the Derwent Humber (4), Hull and East Riding (6), Esk and Coast (3), Swale Ure Nidd and Ouse (10), Wharfe & Lower Ouse (4), Aire and Calder (7) and Don and Rother (5)).</p> <p>‘Catchment management’ is defined as the cost-effective practical delivery of on the ground interventions, resulting in multiple benefits including improvements to water quality, enhanced biodiversity, reduced flood risk, resilience to climate change and greater community engagement with their local river.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will agree any actions required to implement the plan with the stakeholder steering group, and implementation will only be claimed once assurance of completion by the Yorkshire Forum for Water Customers’ Environment sub group, is received.</p> <p>The company will also share learning from the approach with stakeholders, such as the Department for Rural Affairs and the Environment (Defra), the Environment Agency and the Natural Capital Committee.</p>
Measurement unit and decimal places	Percentage of catchments to one decimal place

Unique Reference	PR19YKY_3
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Cumulative progress will be measured annually throughout 2020-2025 on 31 March and reported in the Annual Performance Report. The cumulative total on 31 March 2025 will provide the five-year total.
Any other relevant information	<p>The company will report publicly on outcomes for customers covering:</p> <ul style="list-style-type: none"> • the increase in value achieved; • the number of stakeholder engagement interactions; and • the number of enhancements as a result of a program and area of land with schemes (noted in both hectares and as a percentage improvement).
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0.0	0.0	2.6	2.6	7.7
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.4 Length of river improved

Purpose: This performance commitment is designed to incentivise the company to deliver its agreed Water Industry National Environment Programme (WINEP) schemes in a timely manner.

Benefits: This performance commitment delivers benefits through improving the health and aesthetics of rivers. This will benefit the environment and river users enjoying recreational and other activities and will help ensure that water can be abstracted from rivers and lakes without any negative impacts on the environment.

Performance commitment definition and parameters

Unique Reference	PR19YKY_4
<p>Detailed definition of performance measure</p>	<p>The cumulative length of river improved as a consequence of regulatory and legislative drivers in the 2020-25 period. Regulatory and legislative drivers in the performance commitment include:</p> <ul style="list-style-type: none"> • Drinking Water Protected Area; • Heavily Modified Water Body schemes – Sediment; • Fish Passage; • Non native invasive species; • Natural Environment and Rural Communities (NERC) Act – Investigation and Implementation; • Sites of Special Scientific Interest; • Habitats Directive • Groundwater Water Framework Directive Interventions • Measures under UIMP_1 • Measures for WW flow and storm tanks – U_MON3 Sites EDM to Storm Tanks; • Measures for WW flow and storm tanks – U_MON4 Sites FFT Flow Monitoring • Measures for WW flow and storm tanks – U_MON5 Sites First Time Flow Monitoring • Measures for WW flow and storm tanks – U_INV2 Sites PFF Measurement Investigations • Measures for WW flow and storm tanks – U_IMP5 Sites Increased FFT • Measures for WW flow and storm tanks – U_IMP6 Sites Increased Storm Tank Capacity

Unique Reference	PR19YKY_4								
	<ul style="list-style-type: none"> • Measures under Urban Waste Water Treatment Sensitive Area (Eutrophication) Designations • Measures to improve to WFD moderate and good ecological status for phosphorous removal (WFD_IMPg, WFD_IMPm drivers) • Measures in WFD to improve ammonia (WFD_IMPg) • Investigations under the WFD Chemicals Driver • WFD Investigations; • Measures under UWWTD Frequently Operating Overflows; and • Investigations under WFD Urban Pollution Monitor <p>Length of river improvements will be determined through a number of processes depending on whether the improvement is a result of clean water or wastewater obligations.</p>								
<p>Additional detail on measurement units</p>	<p>The performance commitment includes schemes which were designated Green and Amber as at 1 April 2019 by the Environment Agency. The company shall mitigate the risk of any amber schemes not turning green by committing to seek to implement non-WINEP schemes to make up the target. The company will incur outperformance payments for the non-WINEP schemes only if it outperforms the performance commitment levels.</p> <p>The company is aiming for improvements in river water quality that are measured to a minimum change (Table 1). These thresholds are selected based on the accuracy and resolution of the models, and on the ability to detect and measure changes reliably.</p> <p>Table 1: Minimum change in water quality required to include the length of river as improved.</p> <table border="1" data-bbox="576 1742 1390 1984"> <thead> <tr> <th data-bbox="576 1742 986 1839">Determinant</th> <th data-bbox="986 1742 1390 1839">Minimum change required (mg/l)</th> </tr> </thead> <tbody> <tr> <td data-bbox="576 1839 986 1888">Phosphorous</td> <td data-bbox="986 1839 1390 1888">0.02</td> </tr> <tr> <td data-bbox="576 1888 986 1937">Ammonia</td> <td data-bbox="986 1888 1390 1937">0.02</td> </tr> <tr> <td data-bbox="576 1937 986 1984">Biochemical Oxygen Demand</td> <td data-bbox="986 1937 1390 1984">0.2</td> </tr> </tbody> </table>	Determinant	Minimum change required (mg/l)	Phosphorous	0.02	Ammonia	0.02	Biochemical Oxygen Demand	0.2
Determinant	Minimum change required (mg/l)								
Phosphorous	0.02								
Ammonia	0.02								
Biochemical Oxygen Demand	0.2								

Unique Reference	PR19YKY_4
	<p>Wastewater</p> <p>The process for defining the wastewater length of river improved is:</p> <ol style="list-style-type: none"> 1. Calculation of river length improved <ol style="list-style-type: none"> a. For wastewater the length is calculated according to the company models and based on comparison between the baseline and the run that identified the required scheme and the model needs to indicate the minimum improvement will be delivered for at least one of the determinants. The Environment Agency must agree with the improvements being delivered. b. If the delivery of a wastewater scheme materially changes the original assumptions (for example transfer of flows or change in discharge point) then the models will be re-run to ascertain the impact on river length. The delivery of a wastewater scheme could materially change as a result of agreement with the Environment Agency. For water the length is calculated by the Environment Agency. 2. Each length can only be counted once. 3. The length can only be counted once the Environment Agency has agreed all schemes to achieve the improvement have been delivered and each scheme meets the requirements.
<p>Specific exclusions</p>	<p>The performance commitment excludes kilometres of river improved outside of the company’s region.</p> <p>Any schemes defined in WINEP associated with the new Natural Environment Research Council Section 41 fish and lamprey habitat fund are excluded as these will not have a defined scope until stakeholders have been consulted early in the 2020-2025 period.</p> <p>Water Framework Directive No Deterioration drivers are included in WINEP for ammonia and biochemical oxygen demand, but these do not form part of the performance commitment, as these drivers maintain existing water quality.</p> <p>Wastewater</p>

Unique Reference	PR19YKY_4
	<p>Modelled river lengths for wastewater schemes are based on the models that exist at the start of the investment. Any subsequent changes to models will not change the river length attributable to the scheme, unless delivery of a wastewater scheme materially changes the original assumptions as set out above.</p> <p>Clean water</p> <p>For the identification of clean water fish passage schemes, river tributaries too small to be displayed on a 1:50,000 map and tributaries upstream of identified natural barriers (for example waterfalls) are excluded.</p>
Reporting and assurance	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company shall:</p> <ol style="list-style-type: none"> a. secure confirmation from the Environment Agency that all non-WINEP schemes contributing to the length of river improved deliver a benefit to the environment and were the most appropriate schemes available. The view of the Environment Agency will be definitive. b. provide assurance from Yorkshire Forum for Water Customers that all appropriate stakeholders have been consulted in selecting non-WINEP schemes and views have been adequately considered c. provide a report by an appropriately qualified external third party setting out <ul style="list-style-type: none"> • all information has been correctly sourced from reliable systems; • models have been constructed and verified in line with industry best practice; • no improvements will be reported that are due to changes in the underlying modelling or assumptions; and • any improvement indicated by modelling will be the result of company initiated improvements.
Measurement unit and decimal places	Kilometres of river to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19YKY_4
Incentive type	Underperformance payments and outperformance payments only for 2024-25. Outperformance only applies to non-WINEP schemes
Timing of underperformance and outperformance payments	End of period
Price control allocation	4% water resources 96% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	km	NA	0.0	45.6	47.3	69.7	741.6
Enhanced underperformance collar	km		NA	NA	NA	NA	NA
Standard underperformance collar	km		NA	NA	NA	NA	0
Underperformance deadband	km		NA	NA	NA	NA	NA
Outperformance deadband	km		NA	NA	NA	NA	NA
Standard outperformance cap	km		NA	NA	NA	NA	1131.3
Enhanced outperformance cap	km		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0558
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0558
Outperformance payment - enhanced	NA

1.2.5 Biosecurity implementation

Purpose: This performance commitment is designed to incentivise the company to reduce the risk of spreading invasive species and pathogens.

Benefits: This performance commitment will help to protect and improve the natural environment by preventing the spread of Invasive Non-Native Species (INNS) and relevant pathogens.

Performance commitment definition and parameters

Unique Reference	PR19YKY_5
Detailed definition of performance measure	<p>The cumulative number of pathways of invasive species spread, where company biosecurity interventions have reduced the risk of that spread in the 2020-25 period.</p> <p>Biosecurity encompasses reasonable and practicable measures to prevent the spread of harmful organisms, such as plants, animals, fungi or pathogens. The company will implement biosecurity measures through pathway management plans.</p> <p>Emphasis will be placed on species listed on the Invasive Species Regulations (EU regulation No. 1143/2014) and Schedule 9 of the Wildlife and Countryside Act 1981 (as amended), as in effect at the time of PR19 final determinations publication.</p> <p>The Pathway Management Plan will detail the interventions required to implement an appropriate level of biosecurity across a specified pathway of spread. The plan will:</p> <ul style="list-style-type: none"> • show the required interventions,

Unique Reference	PR19YKY_5
	<ul style="list-style-type: none"> list sites where implementation is required, and specify success criteria. <p>The Pathway Management Plan can only be considered completed once all action points have been implemented.</p>
Additional detail on measurement units	<p>The development of the Pathway Management Plans will be based on guidance from the GB Non-Native Species Secretariat (GBNNS) 'Zoos Pathway Action Plan'), as in effect at the time of PR19 final determinations publication.</p> <p>To confirm that biosecurity has reduced the risk of spread of INNS via a pathway, the following process will be followed:</p> <ol style="list-style-type: none"> 1. Each Pathway Management Plan will have specified success measures against each action point which will be independently reviewed and agreed with the Environment Agency. 2. The Pathway Management Plan can only be considered completed once all action points have been implemented and signed off by the relevant regulators and a competent third party assurer. 3. In addition to the success measure, there will be an evaluation of the engagement, learning and behavioural change across the business, which can be used to inform future policies across various sectors of the organisation.
Specific exclusions	None
Reporting and assurance	<p>Each Pathway Management Plan will have specified success measures against each action point which will be independently reviewed and agreed with the Environment Agency.</p> <p>Cumulative progress will be measured annually throughout 2020-2025 on 31 March and reported in the Annual Performance Report. The cumulative total on 31 March 2025 will represent the five-year total.</p>
Measurement unit and decimal places	Number of pathways to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual

Unique Reference	PR19YKY_5
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	3	6	9	12
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.6 Operational Carbon

Purpose: This performance commitment incentivises the company to reduce greenhouse gas emissions arising from its operational activities.

Benefits: The performance commitment helps mitigate the impact of climate change by reducing greenhouse gas emissions related to operational activities undertaken by the company.

Performance commitment definition and parameters

Unique Reference	PR19YKY_6a
Detailed definition of performance measure	<p>The percentage reduction in real terms of net operational carbon equivalent emissions from a 2019-20 baseline.</p> <p>The scope of the measure includes any greenhouse gas emissions emitted due to the operational activities, such as but not limited to grid electricity consumption, fuel consumption, and process emissions from sludge, wastewater and water treatment.</p> <p>As the measure tracks reductions in gross operational emissions, renewable energy generation export offsets will not be included in the measurement.</p> <p>Operational emissions will be included for Yorkshire Water and the residential retail proportion of its customer service sister company Loop.</p>
Additional detail on measurement units	<p>Operational carbon is calculated through version 16 of the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook and reported in tonnes of carbon dioxide equivalent (tCO₂e) emissions. The measure will report the percentage change in operational carbon emissions in each reporting year against the 2019-20 baseline emissions.</p> <p>Measurement of greenhouse gases can adopt either the grid emissions factor within the carbon accounting workbook or the 'market-based' emissions factor for electricity supplied via the grid. This means the actual emissions associated with the electricity purchased will be used in the calculation of operational emissions rather than the national average UK grid emissions factor. Performance shall reflect actions taken by the company itself to reduce greenhouse gas emissions.</p>
Specific exclusions	None

Unique Reference	PR19YKY_6a
Reporting and assurance	The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the version of the international carbon reporting standard (ISO 14064, Part 1) which is in effect at the time of PR19 final determinations publication and assured following an audit by an appropriately qualified independent third party. This includes the 2019-20 baseline. The company will also report this measure in absolute terms, using both a 2019-20 baseline grid emissions factor and the actual year grid emissions factor, to provide transparency on reductions achieved through their own activities and those through national grid decarbonisation.
Measurement unit and decimal places	Percentage reduction to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	9% water resources 12% water network plus 24% wastewater network plus 55% bioresources
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level.				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	2.4	4.8	7.2	9.6	12.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		-2.0	-2.0	-2.0	-2.0	-2.0
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		5.0	10.0	15.0	20.0	25.0
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.236
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.236
Outperformance payment - enhanced	NA

1.2.7 Capital Carbon and carbon arising from owned land

Purpose: This performance commitment incentivises the company to reduce greenhouse gas emissions arising from construction activities related to the delivery of its capital programme and land management.

Benefits: The performance commitment helps mitigate the impact of climate change by reducing greenhouse gas emissions during the construction, upgrading or refurbishment of assets needed to enhance or maintain service levels.

Performance commitment definition and parameters

Unique Reference	PR19YKY_6b
<p>Detailed definition of performance measure</p>	<p>Percentage reduction in capital carbon emissions from the delivery of the company’s capital investment programme and carbon emissions arising from land the company owns. The measure will cover two areas of the company’s carbon footprint:</p> <ol style="list-style-type: none"> 1. 2020-25 business plan emissions – the carbon that results from the company’s investments to maintain and enhance its water and waste water assets. 2. Land emissions – the net balance of the carbon emissions that are sequestered (meaning absorbed and locked away) in the company’s land or released from its land.
<p>Additional detail on measurement units</p>	<p>The measure will calculate the percentage difference between the expected capital carbon and land emissions compared to a carbon baseline for these components.</p> <p>For embedded emissions, the company will include the emissions on every capital investment in its 2020-25 asset management plan. It will also include emissions relating to schemes that continue between the 2015-20 period and the 2020-25 period (‘overhand’ schemes’). The company will only include emissions reductions resulting from changes in activities and materials it drives itself and not those from changes in emissions factors databases or libraries.</p> <p>Change in the net emissions locked in (or released from) land will be estimated through remote surveying and estimations rather than direct, on-site measurement. The process and calculations will externally audited to ensure a best practice methodology, and findings of the audit will be shared with the Yorkshire Forum for Water Customers. The measuring of carbon sequestered from the company’s land holdings will be focused on the carbon in the land and</p>

Unique Reference	PR19YKY_6b
	associated vegetation rather than human activities on this land.
Specific exclusions	The company will exclude human activities on land the company owns, such as a farmer’s property and use of fuels in their vehicles and equipment.
Reporting and assurance	The company will provide external third-party assurance including that all data related to the quantification, baselining, monitoring and reporting of capital carbon emissions is in compliance with PAS 2080:2016 published May 2016.
Measurement unit and decimal places	Percentage reduction to one decimal place
Measurement timing	Reporting Year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	NA	NA	NA	NA	23.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.8 Education

Purpose: This performance commitment is designed to incentivise the company to raise understanding of the value of water and proper use of the wastewater system.

Benefits: Increasing the understanding of its customers will ultimately encourage behaviour change and lead to a decrease in the amount of sewer misuse and an increase in the amount of potable water saved.

Performance commitment definition and parameters

Unique Reference	PR19YKY_7
<p>Detailed definition of performance measure</p>	<p>The number of learning hours that Yorkshire Water provides to raise understanding of the value of water.</p> <p>Education activity will be delivered through a combination of lessons, workshops, talks and school assemblies. The content will focus on raising awareness of the value of water, understanding water/wastewater treatment processes, and educating about how customers can use water and sewerage systems wisely.</p> <p>The education programme will include regional and community-targeted campaigns as well as more detailed and practical education at the company’s specialist centres. Customers receiving education will include children (all ages), special interest adult groups as well as the wider customer base.</p>
<p>Additional detail on measurement units</p>	<p>The company will measure the total number of hours delivered through face-to-face educational visits and programmes. The total number of hours of education will be calculated from the total number of people directly engaged with, multiplied by the hours of engagement, for each visit or programme. This will be measured to the nearest hour.</p> <p>In order to count towards learning hours achieved, each individual will provide feedback to the company where they are encouraged to provide information on how useful the session was and how likely they are to change their behaviour as a result.</p>
<p>Specific exclusions</p>	<p>Attendance numbers are achieved on the basis that all sessions are completed. In the event of short notice cancellations outside of the company’s control due to bad weather incidents, OFSTED visit notifications, teacher</p>

Unique Reference	PR19YKY_7
	shortages or operational incidents, the educational hours scheduled will not be counted.
Reporting and assurance	<p>The company’s learning centres will hold and retain the Learning Outside the Classroom Quality (LOtC) badge, a nationally recognised indicator of good quality education.</p> <p>The company should record the results of feedback provided from participants and consider how it can utilise any qualitative and quantitative data to establish if the programme is meeting the required objectives and if the impact of the activities can be assessed. This monitoring will help the company make informed decisions about continuous improvement.</p> <p>The company will at least once during the five year period publish a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence. This will include the relative success of different activity types and approaches. The company should also consider other ways to share learning with other companies and wider stakeholders.</p>
Measurement unit and decimal places	Number of hours to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	36% water resources 26% water network plus 24% wastewater network plus 14% bioresources
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Hours	NA	20,000	20,000	20,000	20,000	20,000
Enhanced underperformance collar	Hours		NA	NA	NA	NA	NA
Standard underperformance collar	Hours		NA	NA	NA	NA	NA
Underperformance deadband	Hours		NA	NA	NA	NA	NA
Outperformance deadband	Hours		NA	NA	NA	NA	NA
Standard outperformance cap	Hours		NA	NA	NA	NA	NA
Enhanced outperformance cap	Hours		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000002
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.9 Creating value from waste

Purpose: This performance commitment incentivises the company to maximise the value from materials it currently classifies as waste.

Benefits: This performance commitment protects the environment through reducing unnecessary disposal of potentially valuable materials into the environment. The performance commitment also reduces the costs of waste disposal.

Performance commitment definition and parameters

Unique Reference	PR19YKY_8
<p>Detailed definition of performance measure</p>	<p>The cumulative additional environmental, social and financial benefit, monetised (£), the company creates from resources currently under-used or classified as waste in the 2020-25 period.</p> <p>The company will increase the value realised from resource streams that currently exist in its business, the wastes included within this performance commitment are:</p> <ul style="list-style-type: none"> • Grit and screenings - these enter and accumulate in the sewer network or arrive and accumulate at the wastewater treatment works (tonnes). • Fats, oils and greases (FOG) - these enter and accumulate in the sewer network or arrive and accumulate at the wastewater treatment works (tonnes). • Water and wastewater sludges (including potential calorific, mineral and nutrient value) - these are produced through the water and wastewater treatment processes. There are also sludge lagoons, a legacy of historic operational practices (tonnes). • Heat lost to the natural environment - from sewage and from water and wastewater treatment plants, including energy generation assets (kWh). • Construction, repair and maintenance waste - these activities produce a range of under-used materials including, for example, excavation materials and redundant kit from sites (tonnes). • Land - this includes areas of operational sites that are not currently needed, or not expected to be needed in the foreseeable future, for operational purposes (hectares). It also includes company catchment land where further value can be taken by increasing recreation and environmental improvements.

Unique Reference	PR19YKY_8
	The benefits will be quantified in terms of the six capitals value created: natural, social, financial, intellectual, human and manufactured.
Additional detail on measurement units	<p>The net economic value created by implementing approaches that improve resource use. As each resource is measured in different units, these are translated into a monetary benefit (£), and the value is derived from:</p> <ul style="list-style-type: none"> • cost savings from avoided landfill, transportation or re-processing; • income from sale of resources; and • avoided cost from resource re-use which replaces the purchase of virgin materials, including energy costs avoided from saving Kilowatt hours (kWh). <p>This will be a net measure, accounting for any costs necessary in delivering the efficiency improvements. This will be measured to the nearest £ million.</p> <p>The economic monetary value may relate to financial, manufactured, natural, human, intellectual, and/or social capital (the six capitals approach).</p> <p>The company’s methodology and results are subject to external audit by an appropriately qualified third party and assurance by the Yorkshire Forum for Water Customers.</p>
Specific exclusions	None
Reporting and assurance	No further requirements.
Measurement unit and decimal places	Millions of pounds to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	£m	NA	0	5	10	20	65
Enhanced underperformance collar	£m		NA	NA	NA	NA	NA
Standard underperformance collar	£m		NA	NA	NA	NA	NA
Underperformance deadband	£m		NA	NA	NA	NA	NA
Outperformance deadband	£m		NA	NA	NA	NA	NA
Standard outperformance cap	£m		NA	NA	NA	NA	NA
Enhanced outperformance cap	£m		NA	NA	NA	NA	NA

Incentive rates

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

1.2.10 Water recycling

Purpose: This performance commitment is designed to incentive the company to make more use of the resources it already has through recycling.

Benefits: This performance commitment will increase the volume of water recycled by the company and reduce the volume of water abstracted from the environment.

Performance commitment definition and parameters

Unique Reference	PR19YKY_9
Detailed definition of performance measure	The volume of water recycled in the company's clean and wastewater treatment sites, reducing the volume of water abstracted from the environment.
Additional detail on measurement units	<p>This performance commitment covers:</p> <ul style="list-style-type: none"> the re-use of process water in the company's clean and wastewater treatment sites; and the use of final effluent from the company's wastewater treatment sites for commercial applications. <p>Each site for which a recycled water volume is claimed is to be itemised individually and the volume evidenced with measured data.</p> <p>The performance commitment will only apply to positive changes made by the company from 1 April 2020.</p>
Specific exclusions	NA
Reporting and assurance	The company will at least once during the five year period publish a report to assess the benefits resulting from the performance commitment, as far as possible based on primary evidence.
Measurement unit and decimal places	Megalitres per day (Ml/d) to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	32% water network plus

Unique Reference	PR19YKY_9
	68% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	MI/d	NA	0.00	2.77	5.79	6.04	6.29
Enhanced underperformance collar	MI/d		NA	NA	NA	NA	NA
Standard underperformance collar	MI/d		NA	NA	NA	NA	NA
Underperformance deadband	MI/d		NA	NA	NA	NA	NA
Outperformance deadband	MI/d		NA	NA	NA	NA	NA
Standard outperformance cap	MI/d		NA	NA	NA	NA	NA
Enhanced outperformance cap	MI/d		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0147
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0147

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

1.2.11 Affordability of bills

Purpose: This performance commitment incentivises the company to make bills affordable to customers.

Benefits: This performance commitment increases the affordability of bills by incentivising the company to keep customers' bills as low as possible.

Performance commitment definition and parameters

Unique Reference	PR19YKY_11
Detailed definition of performance measure	<p>The percentage of customers who respond positively to the question, "How much do you agree or disagree that the water and sewerage charges that you pay for are affordable to you?"</p> <p>The possible responses will be:</p> <ul style="list-style-type: none"> • strongly agree • tend to agree • neither agree nor disagree • tend to disagree • strongly disagree • don't know <p>'Strongly agree' and 'tend to agree' will be considered positive responses.</p> <p>The number of positive responses will be expressed as a percentage of overall responses.</p> <p>The question is asked in a Consumer Council for Water (CCWater) annual survey known as Water Matters.</p> <p>The commitment will be measured annually and reported after the reporting year when results are published by CCWater. This is normally in June or July.</p> <p>If, during the period, CCWater cease measurement of the relevant data set, the company will replace the source data and measurement for this performance commitment with an appropriate equivalent confirmed and assured by an appropriately qualified independent third party.</p>
Additional detail on measurement units	NA
Specific exclusions	None

Unique Reference	PR19YKY_11
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	81	82	83	84	85
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.12 Direct support given to customers

Purpose: The purpose of this performance commitment is to incentivise the company to promote financial assistance to customers, who are struggling to pay their water bill, through one of the company’s support tariffs.

Benefits: The benefit of this performance commitment is an increase in the number of customers receiving appropriate financial support which in turn could make these customers’ bills more affordable.

Performance commitment definition and parameters

Unique Reference	PR19YKY_12
Detailed definition of performance measure	<p>The number of residential customers who receive financial support through one of the company’s approved schemes each year.</p> <p>Any residential customer registered for financial support for any duration will be included in the total. This includes customers who are no longer customers, for example, people who registered for the scheme during the reporting</p>

Unique Reference	PR19YKY_12
	<p>year but who have subsequently moved home outside the region during the reporting year.</p> <p>The schemes promoted by the company, or those operated and promoted via partner agencies are:</p> <ul style="list-style-type: none"> • Watersure; • WaterSupport; • Resolve; • DWP Resolve • Community Trust; • Fresh Start; and • Domestic meter options for those customers requiring financial support. <p>If a customer receives financial support under more than one of the valid schemes during the reporting period, they will be counted as a single customer receiving support.</p> <p>The total number of customers will be measured annually, at the end of the reporting year, on 31 March.</p>
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	The company is required to put in place external audit by an appropriately qualified third party on an annual basis and to publish the results.
Measurement unit and decimal places	Number of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	58,000	69,000	75,000	79,000	83,000
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

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

1.2.13 Cost of bad debt

Purpose: This performance commitment is designed to incentivise the company to reduce the proportion of the customer’s bill that results from bad debt within the region.

Benefits: This performance commitment will reduce the proportion of customers’ bills that results from bad debt, helping lower bills for all customers.

Performance commitment definition and parameters

Unique Reference	PR19YKY_13
Detailed definition of performance measure	<p>The cost of unrecovered residential customers’ bills (‘bad debt’) to all customers, expressed as a proportion of the average annual bill.</p> <p>This performance commitment relates to the percentage of residential customers’ bills that results from bad debt. The commitment measures the cost of interest on revenues not collected, debt written off and debt management costs incurred, expressed as a percentage of the average annual water and sewerage bill for residential customers.</p> <p>Relevant definitions:</p> <p>Cost of interest The monetary value derived from the interest weighted cost of capital of the residential revenue uncollected during the report year.</p> <p>Revenue outstanding The uncollected charges billed to customers during the report year.</p> <p>Debt management costs The operational expenditure associated with debt collection related activity.</p>
Additional detail on measurement units	<p>This will be calculated as $A + B + C = D$, where:</p> <p>A = annual cost of interest on residential revenue outstanding, divided by number of residential customers.</p> <p>B = annual residential revenue written off, divided by number of residential customers.</p> <p>C = annual residential debt management costs, divided by number of residential customers.</p> <p>D = annual cost of residential debt per property (expressed as a percentage of the average residential annual bill).</p> <p>Cost will be measured in pound sterling.</p>
Specific exclusions	None
Reporting and assurance	No specific requirements

Unique Reference	PR19YKY_13
Measurement unit and decimal places	Percentage of the average annual residential bill, measured to two decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	3.23	3.37	3.48	3.61	3.75
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.14 Priority services awareness

Purpose: This performance commitment incentivises the company to increase awareness of the Priority Services Register.

Benefits: This performance commitment increases the number of vulnerable customers who understand the benefits of the Priority Services Register.

Performance commitment definition and parameters

Unique Reference	PR19YKY_14
<p>Detailed definition of performance measure</p>	<p>The percentage of household customers who state, when questioned, that they are aware of the additional services offered by the Priority Services Register (PSR). The PSR is a water and energy industry term for free services provided to customers in vulnerable circumstances. The company considers that a customer is vulnerable when circumstances, temporary or permanent, impede their ability to access or benefit from its services. This is typically due to their physical or mental health, life stage, language or financial situation.</p> <p>Services within the PSR include:</p> <ul style="list-style-type: none"> • braille bills; • braille information; • card warnings; • CD bills; • priority supply connection; • home dialysis; • large print bills; • large print information; • delivery of bottled water in a water supply incident; • nominated person to handle the customer’s account; • password on accounts; • meter readings; • talking bill; • text telephone contact; and • visit in person. <p>Awareness will be measured through a Consumer Council for Water (CCWater) commissioned survey. The Water Matters survey covers household water bill payers in England and Wales. The respondents are responsible, either solely or jointly, for paying their household’s water bill.</p>

Unique Reference	PR19YKY_14
	<p>The sample is structured according to the Office of National Statistics (ONS) Census Data, 2011. Quotas are set for each water company, based on gender, age and socio economic classification within the relevant census region for each water company. The age groups used in the analysis of the survey data reflect the revised 2011 census data bandings. The age band quotas were adjusted to represent not just the area make up but the percentage responsible for paying bills.</p> <p>The survey is telephone based and is comprised of a random sample of households across England and Wales. The approach taken ensures quotas are met, particularly for harder to reach groups.</p> <p>If, during the period, CCWater cease measurement of the relevant data set, the company will replace the source data and measurement for this performance commitment with an appropriate equivalent confirmed and assured by an appropriately qualified independent third party.</p>
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	The survey will be published annually by CCWater.
Measurement unit and decimal places	Percentage of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	50	54	58	62	65
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.15 Priority services satisfaction

Purpose: This performance commitment incentivises the company to improve customers’ satisfaction with the Priority Services Register.

Benefits: This performance commitment improves the company’s understanding of what vulnerable customers need by incentivising the company to increase customer satisfaction.

Performance commitment definition and parameters

Unique Reference	PR19YKY_15
<p>Detailed definition of performance measure</p>	<p>The percentage of residential customers on the Priority Services Register who are satisfied with their experience of the Priority Services Register.</p> <p>This is taken to be the percentage of residential customers on the Priority Service Register who, when questioned, agree that they are satisfied with the Priority Service Register.</p> <p>The commitment will be measured monthly through a customer survey. The monthly responses will be totalled annually on the 31 March.</p> <p>At the end of the reporting year the company will calculate the percentage of respondents who responded positively to the question, “How much do you agree with the following statement? I am satisfied with my experience of the Priority Service Register?”</p> <p>The possible responses will be:</p> <ul style="list-style-type: none"> • strongly agree; • somewhat agree; • neither agree nor disagree; • somewhat disagree; and • strongly disagree. <p>‘Strongly agree’ and ‘somewhat agree’ will be considered positive responses.</p> <p>The question will be asked to a minimum of 600 customers annually, as part of a monthly customer survey. The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment. The survey will include a representative sample of customers who are registered for each of the services the company offers.</p> <p>Participation in the survey will be optional for selected respondents.</p>

Unique Reference	PR19YKY_15
	<p>The survey will be administered by telephone, unless additional accessibility options are required under the Priority Services Register requirements.</p> <p>The survey questionnaire will only include those customers who have been registered on the Priority Service Register within the reporting year.</p> <p>The survey will be performed by an external third-party research agency with a Market Research code of conduct qualification or equivalent.</p>
Additional detail on measurement units	NA
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of respondents giving a positive response to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	82	84	88	92	95
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.16 Inclusive customer service

Purpose: This performance commitment measures the improvement in service to vulnerable customers. This helps ensure that the company delivers a service tailored and personalised to individual customers' needs.

Benefits: This performance commitment will improve the quality of service delivered specifically to vulnerable customers. The performance commitment will provide an objective and independent view of the quality of services since it is assessed by external third parties.

Performance commitment definition and parameters

Unique Reference	PR19YKY_16
<p>Detailed definition of performance measure</p>	<p>The improvement in the services provided to customers in circumstances that make them vulnerable, specifically those on the company's Priority Services Register (PSR).</p> <p>The performance commitment will be reviewed and assessed by an independent panel of third-party organisations and charities. There will also be in place an external assurance provider to quality assure the entire process, including all material provided to undertake the review, and will extend to providing the panel members with support with assessing, reviewing and evaluating the company's performance. The review will cover three criteria:</p> <ul style="list-style-type: none"> • the accessibility of service provision; • the types of services provided; and • the effectiveness of services provided. <p>Each of the three criteria will be scored by individual organisations based on a scale of one to five (one=low competence, little evidence of performance; five=highly competent, strong evidence of performance).</p> <p>A 'criterion average score' (total score for each criterion divided by the number of organisations) will be obtained from the results.</p> <p>The overall score will be the average score across all criteria (i.e. the sum of all the scores divided by the number of scores).</p> <p>The panel will conduct the formal review annually, with a final review undertaken in 2025 for the purpose of measuring against the performance commitment. The charities and organisations to be chosen will be based on the following criteria:</p> <ul style="list-style-type: none"> • representatives of those areas where the company has low uptake on the PSR;

Unique Reference	PR19YKY_16
	<ul style="list-style-type: none"> • those that reflect PSR groups where the company’s customer awareness and satisfaction is lowest (obtained from internal PSR awareness figures and satisfaction of the PSR data); and • those that reflect significant sized groups in the company’s area which it has had less engagement with. <p>The company will not run the panel as a forum group, instead each representative organisation will be provided with evidence and material and will conduct the review independently.</p> <p>Where applicable, the panel membership will be varied each year in order to ensure any areas that may be under-represented can be addressed in following years and to explore different expert opinions.</p>
Additional detail on measurement units	<p>The company will shadow report until the 2020-25 period to establish the current position. The target is a 20% improvement on this baseline position. The company should inform Ofwat of the baseline position as soon as possible after 1 April 2020 and publish the baseline in its July 2020 Annual Performance Report.</p> <p>Performance will be measured as the percentage improvement. This will be calculated as the percentage change in score from the score obtained in 2019-20 to the score obtained in 2024-25. If the score were to increase by one point, this is the equivalent of a 20% improvement.</p> <p>The score is determined through the annual assessment by the panel.</p>
Specific exclusions	None
Reporting and assurance	<p>The Yorkshire Forum for Water customers will be involved in the panel selection as well as having a member themselves on the panel. The Forum and the affordability and vulnerability sub-group will be consulted on the ultimate design and methodology for this performance commitment for any areas still in development.</p> <p>The company will use an external assurance provider with appropriate prior experience to quality assure the entire process, including all material provided to undertake the review. This will also include providing the panel members with support when assessing, reviewing and evaluating company performance.</p> <p>The company will publish each criterion score for transparency purposes.</p>
Measurement unit and decimal places	Percentage improvement to zero decimal places

Unique Reference	PR19YKY_16
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	4	8	12	16	20
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.17 Gap sites

Purpose: This performance commitment is designed to decrease the amount of time between household gap sites being identified and being billed to less than 12 months.

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

Performance commitment definition and parameters

Unique Reference	PR19YKY_17
Detailed definition of performance measure	<p>The number of gap sites identified and added to the billing system within 12 months of identification as a percent of the number of gap sites identified and added to the billing system within 12 months of identification plus the number of gap sites that have been identified and have not been billed within 12 months.</p> <p>Therefore, the metric is the sum of: $A \div (A + B + C)$</p> <p>Where: A= All gap sites brought into billing within 12 months of identification within the reporting period B = All gap sites brought into billing more than 12 months after identification C = All gap sites that are identified but remain unbilled after 12 months</p> <p>Gap sites identified less than 12 months before the reporting year end but not billed at the end of the reporting</p>

Unique Reference	PR19YKY_17
	<p>period are not counted in the performance data for that year.</p> <p>The number of gap sites that have been identified and remain unbilled after 12 months includes any gap sites identified in preceding years which have not yet been added to the billing system (including those identified after 31 March 2019).</p> <p>Gap sites will be identified if brought to the attention of the company through external means such as customer contacts or by identification internally by the company such as through assessment of billing data and other external data sources.</p> <p>A gap site is defined as a property connected for water services that is not known to the company and therefore not billed. The performance commitment will be expressed as the number of residential gap sites brought into charge.</p>
Additional detail on measurement units	None
Specific exclusions	<p>Excludes new or existing connections raised by developers through established new connections processes.</p> <p>Excludes non-household properties.</p> <p>Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the bill is likely to be greater than the bill itself.</p>
Reporting and assurance	<p>The company is to provide a report by an appropriately qualified external third party setting out assurance that it has rigorous processes that are correctly implemented to identify and bill both gap sites and newly built properties. The company must also report the number of gap sites which become voids and the number of gaps sites which are billed in order to recognise the contribution this performance commitment makes to PR19YKY_18 'managing void properties'.</p>
Measurement unit and decimal places	Percentage to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance only

Unique Reference	PR19YKY_17
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	80	83	86	90	94
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0184
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.18 Managing void properties

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

Benefits: Reduced number of void properties, which are occupied but not billed, leads to fairer charges between customers and lower bills for customers already being billed.

Performance commitment definition and parameters

Unique Reference	PR19YKY_18
Detailed definition of performance measure	<p>The number of household properties classified as void as a percentage of the total number of household properties served by the company.</p> <p>Void properties are defined as properties, within the company's supply area, which are connected for either a water service only, a wastewater service only or both services but do not receive a charge, as there are no occupants. Additionally a property connected for both services that is not occupied, only counts as one void property.</p>
Additional detail on measurement units	<p>Excludes non-household properties. The proportion of void properties will be measured as an average over the year. The same method to calculate the average will be used each year.</p>
Specific exclusions	<p>Properties that are not billed as it is uneconomical to do so are not counted. Uneconomical means the incremental cost of sending a bill and the normal incremental cost of processing a payment made promptly in response to the</p>

Unique Reference	PR19YKY_18
	bill is likely to be greater than the bill itself.
Reporting and assurance	No specific requirement
Measurement unit and decimal places	Percentage of household properties classed as void, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	4.50	4.33	4.15	3.98	3.80
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		5.13	5.13	5.13	5.13	5.13
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		3.87	3.53	3.17	2.83	2.47
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-3.616
Underperformance payment - enhanced	NA
Outperformance payment - standard	3.616
Outperformance payment - enhanced	NA

1.2.19 Drinking water contacts

Purpose: To reduce water quality contacts relating to appearance, taste and odour.

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

Performance commitment definition and parameters

Unique Reference	PR19YKY_26
Detailed definition of performance measure	The number of times the company is contacted by consumers due to the taste and odour of drinking water, or due to drinking water not being clear, reported per 10,000 population. The calculation is the number of contacts for appearance plus all taste/odour contacts multiplied by 10,000, divided by the resident population as reported to the Drinking Water Inspectorate (DWI).
Additional detail on measurement units	The consumer contact classification guidance is defined by the DWI in <i>Information Letter 1/2006</i> , 6 January 2006, at https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/ Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance and taste and odours will be included in this measure.
Specific exclusions	See the guidance above for a full list of exclusions.
Reporting and assurance	The company is also expected to report consumer contacts separately for appearance and taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts per 10,000 population, reported to one decimal place
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus

Unique Reference	PR19YKY_26
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	11.4	10.6	9.7	8.9	8.1
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		22.8	22.8	22.8	22.8	22.8
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		3.7	2.9	2.0	1.2	0.4
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.229
Underperformance payment - enhanced	NA
Outperformance payment - standard	1.024
Outperformance payment - enhanced	NA

1.2.20 Significant water supply events

Purpose: This performance commitment is designed to incentivise the company to reduce the number of long duration water supply interruption events.

Benefits: Reducing the frequency of high duration interruption events improves the reliability of supply and reduces negative social impacts on customers.

Performance commitment definition and parameters

Unique Reference	PR19YKY_27
Detailed definition of performance measure	<p>The number of supply interruption events lasting for a duration of 12 hours or longer, irrespective of whether it is planned, unplanned or caused by a third party.</p> <p>A water supply interruption event starts when water is no longer available at the first tap, whether a residential or business property.</p> <p>The duration of a supply interruption is determined by the time taken between the initial notification of the interruption and the time of the restoration of supply.</p> <p>One or more properties must experience a supply interruption of 12 hours or longer to count as an event for measurement in the performance commitment.</p> <p>The notification of an event is determined by the time that:</p> <ul style="list-style-type: none"> logged data showing a discernible difference in pressure or flow; the time of the first customer call notifying the company of a supply interruption where this is a result of a failure on the company's assets; and/or

Unique Reference	PR19YKY_27
	<ul style="list-style-type: none"> • time works starts, as recorded by the company’s staff, or suppliers, undertaking planned or unplanned works. <p>The resolution of an event is the time that supply is restored to the property. This is recorded by:</p> <ul style="list-style-type: none"> • logged data; • the company’s staff, or suppliers, undertaking the works; and/or • customer call-back confirming water restored at first tap. <p>An event is defined as an interruption to one or more properties. An event is both spatially and temporarily variable. As such, based on the location and time of notifications, an event will be classified by the following two conditions:</p> <ol style="list-style-type: none"> 1. All notifications received downstream of the point of interruption, will be considered as one event. 2. Notifications received between the time of the first notification and the time of resolution of the interruption for that notified area, will be considered as one event, if the notifications are also within the same area of the network, as described in condition one.
Additional detail on measurement units	Number of events where one or more properties has an interruption of 12 hours or longer.
Specific exclusions	<p>Water supply interruptions resulting from private issues will not be measured. Following an isolated customer contact of no water, the company will investigate if it is an issue with its assets by examining other available data such as logged pressure and flow and operational activity. The company will have a robust root cause analysis process to identify whether it is a Yorkshire Water related asset that has caused the interruption or whether it is a private issue. A private issue is where a non-Yorkshire Water asset caused the interruption, such as a pump set failure in a block of flats.</p> <p>Low pressure to a property will not be considered a supply interruption. Low pressure is defined as ten metres head of pressure, at the external stop tap, at a flow of nine litres per minute, supplying water constantly at a pressure to reach the upper floors of properties. Due to the difficulties in measuring pressure and flow at the external stop tap, the company will measure against a surrogate level of 15m head in the adjacent distribution main.</p> <p>Extreme events such as weather will be included in the performance commitment, to ensure the resilience of the</p>

Unique Reference	PR19YKY_27
	company's assets is measured. All properties within a shut off are reported as impacted regardless of status; empty properties and voids are included.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of events to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	14	13	12	12	12
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.265
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.265
Outperformance payment - enhanced	NA

1.2.21 Low pressure

Purpose: This performance commitment is designed to incentivise the company to reduce the number of properties that are at risk of experiencing or experience their water supply having a low pressure.

Benefits: This performance commitment reduces the number of properties experiencing poor or no water supply due to low pressure.

Performance commitment definition and parameters

Unique Reference	PR19YKY_28
Detailed definition of performance measure	<p>The number of properties receiving or at risk of receiving pressure below the low pressure reference level. This measure is calculated as the total number of properties receiving pressure below standard, minus the number of those properties that are covered by the predetermined allowable exclusion categories as detailed in the reporting guidance.</p> <p>Low pressure reference level is defined in the reporting guidance published 11 December, 2017 'Properties at risk of receiving low pressure': https://www.ofwat.gov.uk/publication/properties-at-risk-of-receiving-low-pressure/</p>
Additional detail on measurement units	The low pressure reference level applies to a single property and is measured on the customer's side of any meter or company fittings.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of properties to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments only
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual

Unique Reference	PR19YKY_28
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	14	13	12	12	12
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.139
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.22 Repairing or replacing customer owned pipes

Purpose: This performance commitment is designed to reduce leakage or water quality issues arising from customer owned pipes.

Benefits: This performance commitment improves the water quality, pressure and flow of treated water to customers. It will reduce water consumption by limiting supply losses and it will reduce the need for customers to contact their company about leaking supply pipes and water quality issues.

Performance commitment definition and parameters

Unique Reference	PR19YKY_29
Detailed definition of performance measure	<p>The number of residential supply pipe repairs and renewals carried out by the company each year for no charge.</p> <p>Where a supply pipe leak on a residential property is having a detrimental impact on the company's water network, it reserves the right to intervene using its statutory powers as defined in Sections 73-75 of the Water Industry Act 1991. These powers allow the company to isolate the water supply and/or locate and repair the leak within the boundary of the residential property.</p> <p>During work, the company may find some supply pipes to be in poor condition. If the company finds that a leaking supply pipe is not suitable for repair, has had previous problematic repairs undertaken, or is not made from its preferred material (polyethylene), and:</p> <ul style="list-style-type: none"> • the supply pipe is 20 metres long or less, the company will replace part or all of the supply pipe, subject to access; or • the supply pipe is longer than 20 metres, the company will provide the property owner with a quotation for a subsidised supply pipe replacement. If the property owner does not wish to accept the quotation, the company will serve a Section 75 notice. This will give the owner 14 days to resolve the leak through alternative means. If the leak is not repaired by the property owner in that timeframe, the company will resolve it and all costs incurred will be recharged to the property owner. <p>The company will not count replacements for which a customer is charged.</p>
Additional detail on measurement units	NA

Unique Reference	PR19YKY_29
Specific exclusions	<p>While all repairs or replacements carried out on customer supply pipes will be measured within the performance commitment, the following exclusions will not be eligible for the supply pipe repair service and therefore not included within this performance commitment.</p> <ul style="list-style-type: none"> • Business properties that receive a bill for water services from a retailer, including Yorkshire Water Business Services. • ‘New build’ residential properties less than two years old. • Residential properties with internal leaks. This is where the company identifies that a leak is inside the property, or at point of entry to the property, or within the cavity wall. • Supply pipes under residential properties. Where the company identifies that, the leak is under a structure, such as a kitchen extension or garage. • Third party damage where the company identifies that the leak has been caused by accidental, reckless or deliberate damage to the supply pipe.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of residential supply pipe repairs and renewals carried out by the company each year to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	6,882	7,109	7,386	7687	8,013
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		NA	NA	NA	NA	NA
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		NA	NA	NA	NA	NA
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000449
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000449
Outperformance payment - enhanced	NA

1.2.23 External sewer flooding

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

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

Performance commitment definition and parameters

Unique Reference	PR19YKY_35
Detailed definition of performance measure	<p>The external sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, updated on 28 April 2018 https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/</p> <p>The performance commitment will be reported as the absolute number of external sewer flooding incidents per year including incidents caused by severe weather.</p>
Additional detail on measurement units	<p>External flooding: is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes.</p> <p>Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC).</p> <p>Number of incidents: is defined as the number of curtilages flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016.</p> <p>Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure.</p> <p>See guidance for full definition.</p>
Specific exclusions	As defined in the reporting guidance
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of incidents to zero decimal places

Unique Reference	PR19YKY_35
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	7,188	6,809	6,431	6,053	5,675
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		10,782	10,782	10,782	10,782	10,782
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		3,924	3,702	3,519	3,248	2,957
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.00948
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00790
Outperformance payment - enhanced	NA

1.2.24 Bathing water quality

Purpose: The purpose of this performance commitment is to incentivise the company to improve water quality at the beaches designated for swimming within its region.

Benefits: By encouraging the improvement of bathing water quality, this performance commitment will enhance coastal environments, improve bathing water quality and also support the continued development of the leisure and tourism industries in the company’s region.

Performance commitment definition and parameters

Unique Reference	PR19YKY_36
Detailed definition of performance measure	<p>The performance commitment is to measure the number of designated bathing waters which exceed the European Union Bathing Water Directive requirements in the 2020-25 period, as reported by Defra.</p> <p>The 18 designated bathing waters in the company’s region are:</p> <ul style="list-style-type: none"> • Bridlington North Beach; • Bridlington South Beach; • Cayton Bay; • Danes Dyke; • Filey; • Flamborough South Landing; • Fraisthorpe; • Hornsea; • Reighton; • Robin Hoods Bay; • Runswick Bay; • Sandsend; • Scarborough North Bay; • Scarborough South Bay; • Skipsea; • Whitby; • Wilsthorpe; and • Withernsea.
Additional detail on measurement units	<p>The bathing water quality assessment and classification is as described in the UK Bathing Water Regulations SI 2008 as in effect at the time of PR19 final determination publication (BWR) and is based on bathing water quality data compiled during the previous four bathing seasons. Before the bathing season begins, Defra publishes a report summarising the results of the bathing season, along with the cumulative four-year average. This confirms the bathing</p>

Unique Reference	PR19YKY_36
	<p>water quality standard for each of the company’s designated bathing beaches, giving it an annual target position for this performance commitment.</p> <p>A statistical representation is determined, using a four-year rolling average, and this provides the quality rating of either Excellent, Good, Sufficient or Poor. This data is summarised in Defra’s ‘Annual Bathing Water Compliance Report’. Only designated bathing waters are included in the Environment Agency sampling programme.</p>
Specific exclusions	Bathing beaches that are improved by WINEP schemes that were uncertain on 1 April 2019 and designated amber.
Reporting and assurance	<p>The company assumes that all Environment Agency sample data has been quality assured and checked before release and that it complies with the standards set out by the rBWD</p> <p>The company’s telemetry data must be checked to ensure that there are no telemetry issues or false information being sent.</p> <p>All ultraviolet (UV) treatment reported downtime must be checked by the company for validity and missing data found and inserted into the report.</p> <p>The performance commitment is reported by bathing season in the following year. For example, the bathing season in 2020 would be reported in the calendar year of 2021 to 2022 (1 January to 31 December).</p>
Measurement unit and decimal places	Number of beaches to zero decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	None

Unique Reference	PR19YKY_36
Links to relevant external documents	None

Performance commitment levels

	Unit	Company forecast	Committed performance level				
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	18	18	18	18	18
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		10	10	10	10	10
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		26	26	26	26	26
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-1.235
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.636
Outperformance payment - enhanced	NA

1.2.25 Surface water management

Purpose: This performance commitment is designed to incentivise the company to remove or attenuate the amount of surface water that enters the public sewer network.

Benefits: This performance commitment will help to reduce sewer flooding and pollution incidents and/or reduce the long term the costs of enhancing the public sewerage network which would otherwise be required to mitigate pressures from climate change and urbanisation by instead managing storm water flows entering the public sewer network.

Performance commitment definition and parameters

Unique Reference	PR19YKY_37
Detailed definition of performance measure	<p>The cumulative number of hectares (Ha) of surface water run-off removed or attenuated. This will be measured as the area of impermeable surface (Ha), removed or attenuated from the public sewer network, using blue-green infrastructure solutions or surface water disconnection over the 2020-25 period.</p> <p>This performance commitment has three components to its measurement:</p> <ol style="list-style-type: none"> 1. Surface water removed through blue-green infrastructure solutions. This approach mimics the natural water cycle. 2. Surface water removed through disconnection. This approach uses underground pipes to take surface water straight to receiving water courses. 3. Surface water attenuated by blue-green infrastructure. This approach slows the flow of surface water into our network, managed in a more natural way to ensure continuity of our network. <p>Any surface water removed or attenuated is measured as an area where water runs off into the public sewer system. This is measured using a geographic information system (GIS). A polygon is drawn around the area that drains into the public sewer to calculate the number of Ha removed or attenuated.</p> <p>The company will measure Ha removed or attenuated once the types of scheme listed above have been delivered and reached practical completion. It will be signed off, as benefits achieved, in consultation with the company's flood partnership steering group.</p> <p>Blue-green infrastructure is a term that covers a broad range of practices and solutions, it is an approach to water</p>

Unique Reference	PR19YKY_37
	<p>management that mimics the natural water cycle. Doing this regulates flow and treats storm water run-off naturally, resulting in a reduction in peak flows and cleaner water being discharged to water courses. Blue-green infrastructure solutions include what is known as Sustainable Drainage Systems (SuDS).</p> <p>Sustainable drainage systems (SuDS) are drainage systems that are considered environmentally beneficial, causing minimal or no long-term detrimental impact (CIRIA SuDS Manual C753 definition).</p>
Additional detail on measurement units	None
Specific exclusions	<p>Any activity that contributes to surface water attenuation that is not classified as blue-green infrastructure will not be counted towards the performance commitment. These activities include grey infrastructure solutions such as storm tanks. However, the use of domestic water butts and commercial or industrial onsite storm water management can be included as part of this performance commitment.</p> <p>Any activities which contribute to surface water removed or attenuated but which occur as a result of investment outside of the wastewater network plus price control.</p>
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of hectares (Ha) to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	16% water network plus 84% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	None

Unique Reference	PR19YKY_37
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Hectares	NA	1	4	5	10	20
Enhanced underperformance collar	Hectares		NA	NA	NA	NA	NA
Standard underperformance collar	Hectares		NA	NA	NA	NA	NA
Underperformance deadband	Hectares		NA	NA	NA	NA	NA
Outperformance deadband	Hectares		NA	NA	NA	NA	NA
Standard outperformance cap	Hectares		NA	NA	NA	NA	NA
Enhanced outperformance cap	Hectares		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.004865
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.004865
Outperformance payment - enhanced	NA

1.2.26 Quality agricultural products

Purpose: This performance commitment incentivises the company to treat its sewage sludge to a high standard so it can be recycled to land as a quality agricultural product reducing the need for farmers to apply commercial fertilisers.

Benefits: This performance commitment reduces the public health and environmental risk posed through the unsafe disposal of sewage sludge. The performance commitment also helps ensure that customer bills are kept stable through safe-guarding the agricultural recycling route for sewage sludge, which is widely regarded as the most cost-effective management approach.

Performance commitment definition and parameters

Unique Reference	PR19YKY_40
Detailed definition of performance measure	<p>The percentage of overall biosolids sent to land that meets the Biosolids Assurance Scheme (BAS) accreditation.</p> <p>The measure includes any sludge imported from third parties. Any third-parties which the company exports sludge to will also be required to have BAS certification.</p> <p>For year 2020-21, the performance commitment will be measured and reported using the version of the BAS in place at the time of PR19 final determination publication; issue 4, dated 13 November 2017 which became active on 1 January 2018. For years 2021-22 and onwards, the performance commitment will be measured and reported using the latest version of the BAS in place; issue 5, dated 10 July 2020, which became active on 1 October 2020</p>
Additional detail on measurement units	<p>The percentage of biosolids recycled to agricultural land achieving BAS certification is calculated as a proportion of total Tonnes Dry Solid (TDS) post treatment, receiving BAS certification.</p> <p>The amount of biosolids recycled is measured in Tonnes Dry Solid (TDS) post treatment. BAS certification includes individual requirements for:</p> <ul style="list-style-type: none"> • sludge treatment; • biosolids ‘transport and storage’; and • application to agricultural land. <p>The company’s certification will be for all three aspects, and the same will apply to any third parties used for the treatment and recycling of sludge to agricultural land</p> <p>Conformance to the scheme standard must be audited by the certification body appointed by the Assured Biosolids Limited before biosolids can be considered to be</p>

Unique Reference	PR19YKY_40
	<p>conforming to the Standard and awarded ‘Certified Biosolids’ status.</p> <p>Measurement will be taken annually throughout the 2020-25 period at all of the company’s sludge treatment centres and any third-party sludge treatment sites.</p> <p>Measurement of ‘transport and storage’ and application to land will also be taken annually throughout the 2020-25 period at all of the company’s sludge treatment centres and any third-party sludge treatment sites.</p> <p>Any process that fails to achieve BAS certification, or deviates from the certified process, will be noted, and TDS at that site will be represented as a failure of the performance commitment only if that material was sent to agricultural land.</p>
Specific exclusions	This commitment covers biosolids sent to agricultural land, but not to land restoration. Sludge to land restoration is outside the scope of BAS and therefore cannot be certified.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage of biosolids sent to agricultural land that achieves Biosolids Assurance Scheme (BAS) certification to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% bioresources
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	100	100	100	100	100
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.502
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.27 Renewable energy generation

Purpose: This performance commitment incentivises the company to maximise the quantity and value of renewable energy generated through the biogas it produces from the treatment of sewage sludge.

Benefits: This performance commitment helps mitigate against climate change through the production of more renewable energy and protects customers from price volatility by making the company more energy self-sufficient.

Performance commitment definition and parameters

Unique Reference	PR19YKY_41
Detailed definition of performance measure	<p>The gigawatt-hours of energy generated from the biogas the company produces.</p> <p>This includes use of biogas in the company’s boilers and combined heat and power (CHP) generators onsite. The company may also supply biogas into the grid or use as fuel for its vehicles.</p>
Additional detail on measurement units	<p>Energy generation of biogas is measured in gigawatt-hours (GWh) produced by assets and operations within the Bioresources price control.</p> <p>Biogas energy measurement will be achieved with two methods listed below in order of preference:</p> <ul style="list-style-type: none"> • Where possible energy supply will be measured directly by metering of gas flow into assets where beneficial use is achieved. Gas quality analysers will measure the aggregated performance on the system. • Where gas flow measurement into an asset is not possible, derived gas usage values will be calculated using a substituted measurement (e.g. for boiler gas usage, the run hours multiplied by usage rate will be used). <p>The energy content of biogas is measured by measuring the volume of gas produced (corrected to standard temperature and pressure) multiplied by the methane content of the gas produced, and the lower heating value of methane at standard temperature and pressure. The conversion calculation is outlined below</p> <p>Gas which is produced but not utilised (flared) is not included in the definition. The GWh of biogas generation will be expressed as an absolute value.</p>

Unique Reference	PR19YKY_41
	<p>The Bioresources price control is defined in line with the Regulatory Accounting Guidelines (RAGs) 4.07 as set out by Ofwat in 2017.</p> <p>Conversion of gas volume and gas quality into energy (GWh):</p> <ul style="list-style-type: none"> • Biogas generation is calculated by converting the volume of methane in the biogas into energy. • Biogas generation (kWh) = Biogas volume (m³) x 9.994 kWh/m³ x gas quality (%CH₄) • Where 9.994 is the energy in kWh contained in 1 m³ of methane (CH₄) at standard temperature and pressure, and gas quality is a measurement of the proportion of methane (CH₄) in the biogas. • Unit conversion: 9.994 kWh = 35.8 MJ, as 1 Joule = 1 Watt second. Low calorific value of methane = 35.8 MJ/m³. Unit conversion 1 GWh = 1,000,000 x kWh.
Specific exclusions	<p>Renewable energy generated from activities not included within the bioresources price control do not count towards the performance commitment.</p> <p>The following types of power generation on the company's operational sites are excluded from the performance commitment:</p> <ul style="list-style-type: none"> • solar; • wind; and • hydroelectric.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Gigawatt-hours (GWh) to zero decimal places
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA

Unique Reference	PR19YKY_41
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	GWh	NA	269	284	286	290	290
Enhanced underperformance collar	GWh		NA	NA	NA	NA	NA
Standard underperformance collar	GWh		NA	NA	NA	NA	NA
Underperformance deadband	GWh		NA	NA	NA	NA	NA
Outperformance deadband	GWh		NA	NA	NA	NA	NA
Standard outperformance cap	GWh		NA	NA	NA	NA	NA
Enhanced outperformance cap	GWh		NA	NA	NA	NA	NA

Incentive rates

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

1.2.28 Delivery of water industry national environment programme requirements

Purpose: This performance commitment incentivises the company to deliver its requirements for the Water Industry National Environment Programme (WINEP).

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

Performance commitment definition and parameters

Unique Reference	PR19YKY_NEP01
Detailed definition of performance measure	<p>Has the company “met” or “not met” all of its requirements for WINEP, in the reporting year.</p> <p>This measure tracks the completion of required schemes in each year, as per the latest WINEP programme published by DEFRA. If any scheme is not delivered by the time specified in the WINEP tracker titled “Completion Date (DD/MM/YY)”, the company will report “not met”.</p> <p>All WINEP schemes will be included including those reported under other performance commitments.</p>
Additional detail on measurement units	<p>The performance commitment will measure against the latest WINEP tracker in the year in which performance is being reported. Therefore, performance for 2020-21 will be reported based on the latest WINEP programme on the 31st March 2021 and the schemes which have been delivered by this date.</p>
Specific exclusions	None
Reporting and assurance	<p>The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive.</p> <p>The company will report all requirements that it has not met in its Annual Performance Report (APR) and set out any interactions this performance measure has with any of its other performance commitments.</p>
Measurement unit and decimal places	Text stating either “met” or “not met”.
Measurement timing	Reporting year
Incentive form	Reputational

Unique Reference	PR19YKY_NEP01
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

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

Incentive rates

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

NEW PC ADDED AS A RESULT OF CMA REDETERMINATION

Living with water

PR19CMA_YKY-01

This is a new performance commitment for Yorkshire Water created after the PR19 Final Determination was published, by the Competition and Markets Authority (CMA) redetermination.

Purpose: The performance commitment is designed to ensure customers receive a minimum level of service for the allowed investment in the Hull and Haltemprice partnership scheme, Living With Water. If the allowed investment is not spent in full, the unspent element will be returned back to customers in the form of an ODI payment.

Benefits: Providing customers with protection from under investment and reducing the number of properties at risk of internal flooding. Wider benefits also include a reduction in embedded carbon, removal of surface water and integrated partnership working.

Performance commitment definition and parameters

Unique reference	PR19CMA_YKY-01
Detailed definition of performance measure	<p>The performance commitment is set as the enhancement expenditure allowed for the Hull and Haltemprice Resilience Investment. The allowed enhancement expenditure (£) is defined as the monetary allowance for Hull and Haltemprice as stipulated by the Competition and Markets Authority (CMA) in the 2020 PR19 Redetermination.</p> <p>The Hull and Haltemprice Resilience Investment is defined as the blue-green solutions developed and implemented as part of the 'Living With Water' partnership scheme in the region. Further details of the Living With Water Partnership are available here: https://livingwithwater.co.uk/</p> <p>An additional gateway for achieving the performance commitment includes the</p>

	<p>delivery of a reduction in internal flooding risk for properties in Hull and Haltemprice¹. The reduction in internal flooding risk for properties in Hull is defined as the number of properties protected from internal flooding during rainfall events (including the impacts of climate change) of 1 in 5 years, 1 in 30 years and 1 in 75 year occurrences.</p>								
Additional detail on measurement units	<p>The performance commitment gateway for the delivery of the reduction in internal flooding is set at the following levels:</p> <table border="1" data-bbox="679 768 1385 947"> <thead> <tr> <th>Event type</th> <th>Number of properties</th> </tr> </thead> <tbody> <tr> <td>1 in 5 years</td> <td>494</td> </tr> <tr> <td>1 in 30 years</td> <td>808</td> </tr> <tr> <td>1 in 75 years</td> <td>644</td> </tr> </tbody> </table>	Event type	Number of properties	1 in 5 years	494	1 in 30 years	808	1 in 75 years	644
Event type	Number of properties								
1 in 5 years	494								
1 in 30 years	808								
1 in 75 years	644								
Specific exclusions	<p>All expenditure and performance outside of the Hull and Haltemprice resilience investment will be excluded from the measurement of the performance commitment.</p>								
Reporting and assurance	<p>Delivery of the performance commitment (allowed expenditure) and competition of the gateway (reduction in properties at risk of internal flooding) will be agreed with the relevant agencies and partners involved in the Living With Water partnership. Primarily, this will be:</p> <ul style="list-style-type: none"> - The Environment Agency - Hull City Council - East Riding of Yorkshire Council. <p>All Yorkshire Water expenditure will be part of the annual reporting process. Given that measuring the service improvements is reliant on an understanding of complex risk models, there is an explicit requirement for third party audit by an appropriately qualified organisation.</p>								
Measurement unit and decimal places	<p>£m (3dp)</p>								

Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance only
Timing of underperformance and outperformance payments	End of Period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to external documents	CMA Final report (publishing.service.gov.uk)

Performance commitment levels

	Unit	Committed performance level				
		2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	£m					£23m
Reduction in number of properties flooded	Number in 1 in 5 year event (including climate change)					494*
Reduction in number of properties flooded	Number in 1 in 30 year event (including climate change)					808*
Reduction in number of properties flooded	Number in 1 in 75 year event (including climate change)					644*

Incentive rates

Incentive type	Incentive rate (£m / unit)
Underperformance payment - standard	£ value below £23m**
Underperformance payment – standard cap	£23m**

* If the service improvement in terms of flooding risk reduction at numbers of households is not delivered, it will be incumbent on Yorkshire to undertake further work without further funding. It is expected that any such work would be completed by the end of AMP8 at the latest.

** This financial ODI operates that if Yorkshire Water has spent less than £23m on this scheme at the end of the AMP, the shortfall will be returned to customers.

Annex 1: Key performance commitments for Yorkshire Water

Details of the key performance commitments that we present in Table 1.2 of 'PR19 final determinations: Yorkshire Water final determination' and their corresponding calculations, are provided in the table below.

Except where otherwise stated below, we calculate the required annual level of improvement for each performance commitment as the difference between the final determination 2024-25 performance commitment level and the company's 2019-20 forecast:

$$\frac{2024.25 \text{ PCL} - 2019.20 \text{ Forecast}}{2019.20 \text{ Forecast}} \times 100 = X\%$$

The calculations are not relevant for the Leakage and Per capita consumption (PCC) performance commitments because these are set on a percentage reduction basis from baseline.

Key common performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 41% reduction in pollution incidents by 2024-25* 	$\frac{(19.5 - 33)nr/10000km}{33nr/10000km} \times 100 = -41\%$
<ul style="list-style-type: none"> 47% reduction in internal sewer flooding incidents by 2024-25* 	$\frac{(1.34 - 2.52)nr/10000km}{2.52nr/10000km} \times 100 = -47\%$
<ul style="list-style-type: none"> 25% increase in water supply interruptions by 2024-25* 	$\frac{(5 - 4)min}{4min} \times 100 = +25\%$
Key bespoke performance commitments	
Measure	Calculations
<ul style="list-style-type: none"> 30% increase in the number of hectares of Land conserved and enhanced by 2024-25 	$\frac{(15,239 - 11,689)ha}{11,689ha} \times 100 = +30\%$
<ul style="list-style-type: none"> 25% reduction in external sewer flooding incidents by 2024-25 	$\frac{(5,675 - 7,566)nr}{7,566nr} \times 100 = -25\%$
<ul style="list-style-type: none"> 34% reduction in customer contacts about drinking water quality by 2024-25 	$\frac{(8.1 - 12.2)nr/1000population}{12.2nr/1000population} \times 100 = -34\%$
<ul style="list-style-type: none"> 741.6 additional kilometres of rivers improved in the Yorkshire Water region by 2024-25 	<p><i>This figure has not been calculated. This is the total number of kilometres improved as a consequence of regulatory and legislative</i></p>

	<i>drivers in the 2020-25 period as specified in the relevant performance commitment.</i>
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*September 2018 submission data is used to calculate these values.

Annex 2: Changes to performance commitments during the price control period

Introduction

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

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

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

The purpose of this Annex is to provide clarity on our expected approach, in the event that a change to an element of a performance commitment is proposed.

PR19 performance commitments

Some PC definitions include references and/or links to materials, many of which are intended to be applied in the detailed interpretation of those definitions. These may include links on Ofwat's website (and materials embedded on that site) and also references and/ or links to materials which have a variety of owners and are not necessarily in our control. In some cases, the performance commitment definition incorporates materials produced by a third party (for example, the Environment Agency, National Resources Wales, or Drinking Water Inspectorate).

Because such third parties may decide to make changes to their materials, in general we are setting PC definitions based on the versions of those materials which are in effect at the date of our PR19 final determination¹, that is we include references and/or links to a specific version as of a certain fixed date, or refer to the material that is in effect at the time of PR19 final determination publication. These materials should be considered authoritative for the 2020-25 period and changes to performance commitment definitions (particularly where we consider these may result in a material change to the performance expectations or financial consequences for companies or customers) will only be made by exception. Examples of the circumstances in which a change to a performance commitment definition may be appropriate, and the ways in which we expect to address these, are set out below.

¹ We may make an exception, in certain instances, to incorporate materials as revised from time to time. Examples include certain accreditations or registrations, certain legislative instruments and certain indices or other measures that are expected to move over time.

Procedures for changing performance commitments

Our procedures for changing performance commitment appendices broadly align to existing practice in the 2015-20 period, but reflect that most ODIs are subject to annual in-period determinations in the 2020-25 period.

Errors in performance commitments

We use a similar process to that which applies in the 2015-20 period for **unambiguous errors**.

If a company identifies an unambiguous error in any aspect of the performance commitment, it should notify us as soon as possible, setting out clearly:

- what the error is;
- why it is an unambiguous error;
- why the error has only been identified at this point;
- what correction the company considers is necessary to rectify the error; and
- how the company has engaged with its customers and other relevant organisations on the proposed correction.

We will consider the explanation and decide whether we consider that the error is unambiguous, if a correction is necessary and what that correction should be. We will also look for independent assurance from the company's Customer Challenge Group or equivalent that the company has appropriately engaged its customers and that this is reflected in the company's proposed correction.

If we identify an unambiguous error, we will notify the company and other stakeholders, giving reasons.

We will correct an unambiguous error by issuing a corrigendum on our website.

Changes to third party materials referred to in performance commitment definitions

In some cases, the performance commitment definition incorporates material produced by a third party. Because, in general, performance commitment definitions are fixed at the date of our PR19 final determination, they do not incorporate subsequent changes made by third parties to these materials.

Where a change has been made by a third party to these materials and where a company considers these changes should be incorporated in the performance commitment definitions and should affect our assessment of company performance against PC levels and consequential ODIs, we expect companies to notify us as soon as they become aware of possible changes to such third party materials. We expect the company to tell us why such a change should be made, providing supporting evidence and its views on how to deal with the timing of any change.

As a default, we expect that any changes will apply from the beginning of the next charging year, but we recognise that there may be circumstances where it may be more appropriate for a change to apply from part-way through a charging year (for example, to align with a measure reported for another regulator).

We will aim to consult with stakeholders proportionately as to our treatment of such changes prior to the in-period ODI determination process, so that these can be properly taken into consideration and companies know what data to report to us.

We will notify stakeholders of approved changes and issue updates to performance commitments on our website.

Improvements to performance commitment definitions in customers' interests

A company may propose a change to a performance commitment definition if it can prove to our satisfaction that such change will represent a material improvement which is in customers' interests (this might cover changes to reporting or assurance requirements for example). There will be a high bar for accepting any changes. The company will need to explain to us the impact of the proposed change, including the financial consequences for the company and customers, and provide us with compelling evidence as to why it represents a material improvement which is in customers' interests.

If a company suggests an improvement to a PC definition we expect it to engage with its customers and relevant stakeholders and seek their views on if the new measure represents a material improvement which is in customers' interests, making it clear to them what customers can expect from the change in relation to both the company's performance and any associated financial consequences. This engagement should be carried out in a timely manner so that the company proposal can be finalised and the company can respond to the revised incentives from the new measure. Any engagement should be proportionate to the proposed change. The company should refine the measure in line with the feedback from customers and stakeholders. We expect customer challenge groups, or an equivalent, to challenge the company on the proportionality and quality of this engagement and the degree to which the results of this engagement are reflected in the company's proposal. The proposed new measure and any supporting independent assurance should be published on the company website and submitted to us at the time. This is to include a full account of the engagement undertaken including methodology, sample selection, materials used and results.

We will aim to consult with stakeholders proportionately as to our treatment of such changes prior to the in-period ODI determination process so that these can be properly taken into consideration and companies know what data to report to us.

Where we consider that a proposed change for an in-period performance commitment definition is appropriate, we expect the change to apply from the beginning of the next charging year.

Where there is insufficient and/or unconvincing evidence that the proposed change represents a material improvement we will continue to use the existing definition.

We will notify stakeholders of approved changes and issue updates to PC definitions on our website.

Reconciling ODIs following changes

We consider that in-period ODI determinations are the best way to ensure that companies are incentivised to perform. However, we recognise that there may be occasions where it is not appropriate to translate company performance into adjustments to Price Controls where a change in the performance commitment appendix is made. Should such occasions arise, we will take company performance in the period 2020-25 fully into account at PR24.

Where changes are made further to a request to improve a PC definition, in-period determinations already undertaken will not be re-determined retrospectively. The following years' in-period determinations could be undertaken on the new basis, or could continue to be based on the existing definition and any difference applied at PR24. This will be decided on a case-by-case basis. In this latter case, following publication of its proposed change, the company should capture information in accordance with the changed performance commitment definition in addition to the existing definition. The company should report both measures to its customers and other stakeholders on an on-going basis. The reconciliation at PR24 would, where applicable, be in addition to any in-period determinations and could lead to changes in amounts from those that would be determined, which may be positive or negative. Any changes would be applied to customers' bills in the 2025-30 period or beyond.

“Bespoke” adjustments to performance commitments

Where any additional or different procedures are required for particular PCs these are specified in the relevant PC template.

This includes where the PC definition is under development or where it explicitly mentions a specific future change that may be made to it. In these cases, for example PC definitions relating to certain Delivering Procurement for Customers (DPC) projects, the process for developing the PC during 2020-25 is set out in the relevant PC template (to the extent that it differs in any respect from the change processes set out above). We expect companies to follow the development approach or change process set out or referred to in the performance commitment.