February 2023

PR19 final determinations

Consolidated PR19 final determinations: South Staffs Water– Outcomes performance commitment appendix

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This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for South Staffs 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 South Staffs 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 incentives 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	PR19SSC_D1
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 *DWI Compliance Risk Index (CRI)*, August 2018 at: 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

Unique Reference	PR19SSC_D1
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
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	0.00	0.00	0.00	0.00	0.00
Underperformance collar	number		6.70	7.40	8.10	8.80	9.50
Enhanced underperformance threshold	number		NA	NA	NA	NA	NA
Underperformance deadband	number		2.00	2.00	2.00	2.00	2.00
Outperformance deadband	number		NA	NA	NA	NA	NA
Enhanced outperformance threshold	number		NA	NA	NA	NA	NA
Outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.267
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	PR19SSC_D2
Detailed definition of performance measure	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/ 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
Additional detail on measurement units	Output should be presented as average minutes lost. Calculation of performance is carried out using the following equation: $((Properties\ with\ interrupted\ supply \geq 180\ mins) \times Full\ duration\ of\ interruption) \div$ $Total\ number\ of\ properties\ supplied\ (year\ end)$ = *average number of minutes lost per customer* Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network. 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).

Unique Reference	PR19SSC_D2
	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:MM:SS	NA	00:06:30	00:06:08	00:05:45	00:05:23	00:05:00
Enhanced underperformance collar	HH:MM:SS		NA	NA	NA	NA	NA
Standard underperformance collar	HH:MM:SS		00:10:30	00:11:00	00:11:30	00:12:00	00:12:30
Underperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Outperformance deadband	HH:MM:SS		NA	NA	NA	NA	NA
Standard outperformance cap	HH:MM:SS		00:04:02	00:03:40	00:03:17	00:02:55	00:02:32
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.197
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.197
Outperformance payment - enhanced	NA

1.1.3 Leakage (South Staffs region)

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	PR19SSC_C1
Detailed definition of performance measure	The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline. 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/ 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).
Additional detail on measurement units	Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage. 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). 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. 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. 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-

Unique Reference	PR19SSC_C1
	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. 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.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report leakage as a three year average in Ml/d 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 megalitres per day (Ml/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	In-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 megalitres per day (Ml/d).
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	1.8	4.2	7.8	11.4	15.0
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-5.0	-5.0	-5.0	-5.0	-5.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		6.0	8.4	12.0	15.6	19.2
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/Ml/d/year)
Underperformance payment - standard	-0.235
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.196
Outperformance payment - enhanced	NA

1.1.4 Leakage (Cambridge region)

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	PR19SSC_C2
Detailed definition of performance measure	The percentage reduction of three year average leakage in megalitres per day (Ml/d) from the 2019-20 baseline. 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/ 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).
Additional detail on measurement units	Total leakage is defined as the sum of distribution system leakage, including service reservoir losses and trunk main leakage plus customer supply pipe leakage. 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). 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.

Unique Reference	PR19SSC_C2
	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. As a minimum, if, using the PR14 calculation of leakage set out in the PR14 performance commitment, a company does not meet its 2019-20 leakage performance commitment level (specified in our PR14 final determinations), the company's actual level for 2019-20 will, for the purposes of setting the baseline for the 2020-25 period, be adjusted downwards by one third of the difference between the value derived from the PR14 2019-20 performance commitment level and the actual level for 2019-20. For PR14 performance commitments set on a three or five year average basis, we assume the 2019-20 annual performance commitment level is equal to the average level specified in the PR14 performance commitment. 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.
Specific exclusions:	As defined in the reporting guidance.
Reporting and assurance:	The company will also report leakage as a three year average in Ml/d 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 megalitres per day (Ml/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	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual

Unique Reference	PR19SSC_C2
Any other relevant information	Performance commitment levels are set as percentage reduction from 2019-20 baseline. Incentive payments relate to performance changes expressed in megalitres per day (Ml/d).
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	2.9	5.1	8.0	10.9	13.8
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-5.0	-5.0	-5.0	-5.0	-5.0
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		8.6	10.8	13.7	16.6	19.5
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/Ml/d/year)
Underperformance payment - standard	-0.254
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.211
Outperformance payment - enhanced	NA

1.1.5 Per capita consumption (South Staffs region)

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	PR19SSC_C3
Detailed definition of performance measure	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/ 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).
Additional detail on measurement units	Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population. 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. 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.

Unique Reference	PR19SSC_C3
	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

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	0.4	0.5	0.7	0.8	1.0
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.169
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.125
Outperformance payment - enhanced	NA

1.1.6 Per capita consumption (Cambridge region)

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	PR19SSC_C4
Detailed definition of performance measure	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/ 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).
Additional detail on measurement units	Per capita consumption is defined as the sum of measured household consumption and unmeasured household consumption divided by the total household population. 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. 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.

Unique Reference	PR19SSC_C4
	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

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level – percentage reduction	%	NA	1.2	2.5	3.7	5.0	6.3
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.025
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.021
Outperformance payment - enhanced	NA

1.1.7 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	PR19SSC_D4
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 repairs are those that are completed as a result of a customer

Unique Reference	PR19SSC_D4
	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	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	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	129.6	127.8	126.0	124.2	122.4
Enhanced underperformance collar	number		NA	NA	NA	NA	NA
Standard underperformance collar	number		142.0	144.0	146.0	148.0	150.0
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		111.6	109.8	108.0	106.2	104.4
Enhanced outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.056
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.019
Outperformance payment - enhanced	NA

1.1.8 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	PR19SSC_D5
Detailed definition of performance measure	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/ 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. The company water resource zone weighted outage should then be summed (Ml/d) and normalised based on overall company peak week production capacity to be reported as a percentage.
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) (Ml/d), the unplanned outage (Ml/d) and planned outage (Ml/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
Incentive type	Outperformance and underperformance payments

Unique Reference	PR19SSC_D5
Timing of underperformance and outperformance payments	In-period
Price control allocation	89.9% water network plus 10.1% water resources
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	2.34	2.34	2.34	2.34	2.34
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		4.68	4.68	4.68	4.68	4.68
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		1.64	1.64	1.64	1.64	1.64
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.547
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.362
Outperformance payment - enhanced	NA

1.1.9 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	PR19SSC_D3
Detailed definition of performance measure	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/ 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.
Additional detail on measurement units	The metric will be calculated using the following formula: $At\ risk\ if,\ DO{-}OA < DD{+}TH$ Where: Deployable output (supply) = DO Outage allowance (unavailable supply) = OA Dry year demand = DD Target headroom (uncertainty) = TH The annual percentage of customers at risk is then calculated by dividing total numbers of customers at risk (ie population of

Unique Reference	PR19SSC_D3
	a water resource zone) by the total number of customers served by the company.
Specific exclusions:	As defined in the reporting guidance.
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

1.1.10 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	PR19SSC_B4
Detailed definition of performance measure	This common performance commitment is defined in the reporting guidance: 'Reporting guidance – Common performance commitment for the Priority Service Register'. This performance commitment consists of the following criteria: • 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. To achieve compliance with this performance commitment the reach, attempted contact and actual contact targets should be achieved.
Additional detail on measurement units	The performance commitment is calculated using the following formulas: $$PSR\ Reach = \left(\frac{PSR\ [households]}{Total\ households}\right) \times 100$$ $$Attempted\ contacts = \left(\frac{Number\ of\ attempted\ contacts}{PSR\ [households]}\right) \times 100$$ $$Actual\ contacts = \left(\frac{Number\ of\ actual\ contacts}{PSR\ [households]}\right) \times 100$$ PSR [households] – Number of households on the PSR (recorded on 31 March)

Unique Reference	PR19SSC_B4
	Total households – Total number of households served (recorded on 31 March) Attempted contact – Distinct households which the company has attempted to contact over a two-year period (recorded on 31 March) Actual contact – Distinct households where the company had actual contact over a two-year period (recorded on 31 March)
Specific exclusions	None
Reporting and assurance	Companies should also report the following information: **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. **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. 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.
Measurement unit and decimal places	PSR reach: percentage of applicable households, reported to one decimal place. Actual contacts: percentage of applicable households, reported to one decimal place. Attempted contacts: percentage of applicable households, 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

Unique Reference	PR19SSC_B4
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	6.1	6.6	7.1	7.5	8.0
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
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

1.1.11 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	PR19SSC_A1
Detailed definition of performance measure	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. Standard and higher performance payments under C-MeX depend on a company's performance relative to those of other companies. Higher performance payments are available if the company passes each of the following three 'gates': • 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).
Additional detail on measurement units	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: $$C\text{-}MeX\ score = 50\% * CS\text{-}CSAT + 50\% * CE\text{-}CSAT$$ Each CSAT score is rescaled to be out of 100. 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.

Unique Reference	PR19SSC_A1
	Standard payments 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: $if\ score > median:$ $$(score - median) * (6\%/(maximum - median))$$ $if\ score < median:$ $$(score - median) * (12\%/(median - minimum))$$ $if\ score = median:$ $$0\%$$ where: • '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. **Higher performance payments** 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

Unique Reference	PR19SSC_A1
	receive an additional 6% regardless of whether it is has the highest C-MeX score across all companies. The 'C-MeX ASUQ' threshold referred to in the three gates for higher rewards, above, is calculated using the following formula: $$C\text{-}MeX\ ASUQ = C\text{-}MeX\ Mean + (UKCSI\ ASUQ - UKCSI\ Mean) / UKCSI\ SD * C\text{-}MeX\ SD$$ where: • '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. 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.
Specific exclusions	None
Reporting and assurance	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. Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.
Measurement unit and decimal places	Score out of 100 to two decimal places

Unique Reference	PR19SSC_A1
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.ccwater.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

1.1.12 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	PR19SSC_A2
Detailed definition of performance measure	D-MeX is a measure of customer satisfaction. A company's overall D-MeX score is calculated from two components that contribute equally: • 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. 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. **Qualitative metrics** The metrics which are to be supplied by the company to Ofwat's survey agent for the qualitative component are as follows: 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'. For all companies, from 1 October 2020: • W1.1 Pre-development enquiry – reports issued within target • W3.1 s45 quotations – within target

Unique Reference	PR19SSC_A2
	• 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	PR19SSC_A2
	• SN4.1 % of main laying schemes constructed and commissioned within the target period and, for customer quotes provided before 1 April 2021, the following metrics also apply: • 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 and, for customer quotes provided on or after 1 April 2021, the following metrics also apply: • 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	PR19SSC_A2
	consent to progress with connection For companies wholly or mainly in England, in addition to the list above, from 1 October 2020: • 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 **Quantitative metrics** When calculating the quantitative component of D-MeX, metrics that have zero activities reported against them do not affect the D-MeX score. 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: For all companies, from 1 April 2020 to 30 September 2020: • 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	PR19SSC_A2
	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 • 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 For companies wholly or mainly in England, from 1 October 2020: • 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	PR19SSC_A2
	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 • SAM 3/1 Update draft agreement • SAM 4/1 Inspections and construction period and, for quotes provided before 1 April 2021, the following metrics also apply: • 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 and, for quotes provided on or after 1 April 2021, the following metrics also apply: • SLPM – S1/2 – Review PoC proposal • SLPM - S2/2a – Provide design • SLPM - S2/2b – Water Company to Provide design

Unique Reference	PR19SSC_A2
	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 – S7/1 – Validate notification and provide consent to progress with connection For companies wholly or mainly in Wales, from 1 October 2020: • 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	PR19SSC_A2
	• 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 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. The full definition for each metric is on Ofwat's website: https://www.ofwat.gov.uk/outcomes-definitions-pr19/
Additional detail on measurement units	The company's D-MeX score is calculated using the following formula: $$D\text{-}MeX\ score\ =\ 50\% * Qual\ +\ 50\% * Quant$$ where: • '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	PR19SSC_A2
	• 'Quant' is a simple average of the selected Water UK performance metrics which have non-zero volumes in the reporting year. **Outperformance and underperformance payments** 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: $if\ score > median:$ $$(score - median) * (6\%/(maximum - median))$$ $if\ score < median:$ $$(score - median) * (12\%/(median - minimum))$$ $if\ score = median:$ $$0\%$$ where: • '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	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. Further reporting and assurance should be in the form and manner set out in the guidance, to be finalised by March 2020.

Unique Reference	PR19SSC_A2
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	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): • connection charges; • infrastructure charge receipts – new connections; • requisitioned mains; • requisitioned sewers; • diversions; and • other contributions (price control). 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. 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.
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	PR19SSC_A2
	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 Retailer measure of experience

Purpose: The purpose of this performance commitment is to incentivise the company to work with non-household retailers so that the retail market can best serve businesses, charities and public sector organisations.

Benefits: Improving the interaction between the company as a wholesale provider of water and wastewater services and retail providers will enable the retail market to work effectively and ultimately drive the industry to provide better service at lower cost for all customers.

Performance commitment definition and parameters

Unique Reference	PR19SSC_A3
Detailed definition of performance measure	This measure is an average of three metrics: • Retailer satisfaction score. Every quarter the company will ask each retailer, for which it is the wholesaler, for a satisfaction score from 1 to 10, with ten being the highest satisfaction. It will also ask for a satisfaction score following a complaint. The average scores throughout the reporting year will be multiplied by 10 to give the retailer satisfaction score. • Market performance standards (MPS). Reported by MOSL and measures performance against standards in the market terms and code subsidiary documents. The maximum is 100. • Operational performance standards (OPS). Measuring performance against standards in operational terms. The maximum is 100. The above three metrics are then combined using the following equation: *Retailer satisfaction score + compliance with MPS + compliance with OPS / 3 = combined retailer service score*

Unique Reference	PR19SSC_A3
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	The company will separately report the MPS/OPS and retailer satisfaction scores in its annual reporting.
Measurement unit and decimal places	Percentage 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	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	93.3	93.3	93.3	93.3	93.3
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

1.2.2 Financial support

Purpose: This performance commitment incentivises the company to increase the number of household customers that receive help with their water bills using financial assistance schemes such as the social tariff, Charitable Trust and payment plans.

Benefits: Financial support for low income customers makes charges more affordable for them, avoiding negative social impacts including stress and anxiety.

Performance commitment definition and parameters

Unique Reference	PR19SSC_B1
Detailed definition of performance measure	The number of household customers the company helps with water bills using financial assistance schemes including the social tariff (Assure), WaterSure, Charitable Trust and payment plans. The company will measure the number of household customers supported on a financial year basis, as a proportion of the total number of household customers. If a customer is in receipt of a form of financial help for only part of a financial year this customer would be counted towards the metric. Where a customer receives help from more than one type of financial assistance scheme the customer will only be counted once towards this measure. Should the company wish to add other types of financial support to the calculation of this performance commitment, it should agree this in advance with CCWater and its customer challenge group.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Number of customers to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance only
Timing of underperformance and	In-period

Unique Reference	PR19SSC_B1
outperformance payments	
Price control allocation	100% residential retail
Frequency of reporting	Annual
Any other relevant information	The company has stated that if customer support for increased levels of performance increases in its next round of testing in 2019-20, it will outperform this measure. The company has committed to this further round of testing for customer support. We note the company's suggestion that it will have a more comprehensive suite of support available for PR19 than it does currently.
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	32,000	34,000	36,000	38,000	40,000
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	-0.000006
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.3 Extra care assistance

Purpose: This performance commitment incentivises the company to increase the number of household customers in vulnerable circumstances that receive extra support through the Extra Care scheme.

Benefits: This performance commitment helps ensure that customers in vulnerable circumstances receive the support that they need.

Performance commitment definition and parameters

Unique Reference	PR19SSC_B2
Detailed definition of performance measure	Percentage of customers on the Priority Services Register supported through the company's 'Extra Care' scheme. This support scheme includes additional meter reads, referral fast-track, a dedicated call team, voice assistant, tailored communications and links to partnership and advice providers. Customers receiving this support will also have access to online and mobile technology which features specifically tailored support. Customers may receive some or all of the components of the Extra Care package to be counted as being on the scheme. This measure does not include financial support, this is captured in a separate performance commitment.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements

Unique Reference	PR19SSC_B2
Measurement unit and decimal places	Percentage to one decimal place
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance only
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	5.0	5.0	5.0	5.0	5.0
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

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.032232
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.4 Education activity

Purpose: This performance commitment is designed to incentivise the company to deliver high quality education services to its customers in order to raise awareness about the value of water.

Benefits: Successful delivery of the educational programme will help the company reduce water demand.

Performance commitment definition and parameters

Unique Reference	PR19SSC_B3
Detailed definition of performance measure	The number of people who have received the company's education services each year. The focus of the education activities provided by the company will be related to increasing awareness of the value of water as well as water efficiency and demand reduction. Education services will be delivered through a variety of routes including assemblies and more detailed workshops. Education services will be cross-curricular and targeted to the specific age group and ability concerned. In order to ensure quality of engagement, the company will only claim a maximum of 30 individuals per session. Each individual

Unique Reference	PR19SSC_B3
	will receive a minimum of 60 minutes receiving education in sessions. Each assembly and workshop will include a range of introductory and follow up activities so that teachers can choose the work that best suits their class. The company will also provide facilitation handbooks and a 'how to' delivery guide to enable future delivery by staff and teachers.
Additional detail on measurement units	Individuals who receive education services will be encouraged to provide feedback to the company where they are prompted to provide information on how useful the session was and how likely they are to change their behaviour as a result.
Specific exclusions	None
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. 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.
Measurement unit and decimal places	Number of people 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	8.1% water resources 91.9% water network plus
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	Number	NA	6,000	6,000	6,000	6,000	6,000
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		7,000	7,000	7,000	7,000	7,000
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.000015
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.000008
Outperformance payment - enhanced	NA

1.2.5 Environmentally sensitive water abstraction

Purpose: The purpose of this performance commitment is to incentivise the company to reduce abstraction from environmentally sensitive sites when flows or levels are low.

Benefits: The benefit of this performance commitment is that environmentally sensitive sites are preserved by reducing water abstracted from them during lower levels or flows.

Performance commitment definition and parameters

Unique Reference	PR19SSC_C5
Detailed definition of performance measure	The abstraction incentive mechanism (AIM) reduces abstraction of water at environmentally sensitive sites when flow or levels are below an agreed point otherwise known as a trigger. The trigger point is based on a level or flow, below which the AIM is considered to be “switched on”. This trigger will usually be related to the point at which damage is caused and is intended to prevent this from happening or ameliorate the negative impacts. The company has included two sites for AIM for the period 2020-25: Hagley Pumping station: The trigger threshold for this site is not applicable as any abstraction from this site will result in underperformance payments, it has a baseline of zero Ml/day. Horseheath Pumping station: The trigger threshold for this site is 1.4 Ml/d, this groundwater abstraction has a baseline of 3.0 Ml/day The abstraction incentive mechanism is defined in the reporting guidance – Guidelines on the abstraction incentive mechanism, published in 2016: https://www.ofwat.gov.uk/wp-content/uploads/2016/02/gud_pro20160226aim.pdf
Additional detail on measurement units	AIM performance is measured in megalitres (Ml) and is equal to the average daily abstraction during the period when flows are at or below the trigger threshold minus the baseline average daily abstraction during the period when flows are at or below the trigger threshold, multiplied by the length of the period when flows are at or below the trigger threshold. AIM performance in Ml = (average daily abstraction during period when flows are at or below the trigger threshold - baseline average daily abstraction during period when flows

Unique Reference	PR19SSC_C5
	are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold. For example, in the circumstance that the AIM baseline is 5 Ml/day and the company abstracts an average of 4 Ml/day from the abstraction site when river flows are below the trigger threshold then, if flows are below the threshold for 100 days, the company has an improved performance relative to the baseline of (4 Ml/day minus 5 Ml/day)*100 days = -100 Ml. A negative number signifies an improved performance as average abstraction is less than the baseline. To define its final performance the company will apply the following equation to normalise the performance: Normalised AIM performance = [Site AIM performance in Ml] / (baseline average daily abstraction * length of period when river flows are at or below the trigger threshold)
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Normalised AIM performance 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% water resources
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Outperformance commitment levels (Both sites)

		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		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	-0.0982
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0491
Outperformance payment - enhanced	NA

1.2.6 Supporting water efficient house building

Purpose: This performance commitment is designed to incentivise the company to work with developers in order to promote the design and building of more water efficient properties.

Benefits: This performance commitment will help the company increase levels of water efficiency by reducing the demand for water from new households built.

Performance commitment definition and parameters

Unique Reference	PR19SSC_C6
Detailed definition of performance measure	The total volume of water saved as a result of new residential properties built to Home Quality Mark (HQM) or Building Research Establishment's Environmental Assessment method (BREEAM) accreditation standards which meet the 100 litres per person per day water efficiency level. If these standards change at any point during the 2020-25 period, properties built should conform to these standards or their successors or recognised equivalents. The company should obtain independent third party assurance that any replacement or successors are appropriate for the measurement and reporting of this performance commitment The company introduced water efficiency incentives within its developer charges scheme from April 2018. These incentives (in the form of a charges rebate) are applicable to all new build Building Research Establishment (BRE) accredited properties; HQM for housing, and the BREEAM for high rise residential developments. The company will extend its developer engagement, and work with developers / BRE to raise awareness of the incentive and the wider expertise on water efficiency that it can provide. The HQM and BREEAM standards are established, externally controlled and assessed by BRE and their affiliates, and are recognised across the developer and building industry. The megalitres saved will be calculated based upon the standards listed above. The company will document and keep records of all the buildings and developments that qualify for inclusion within this performance commitment and how the calculation of the total megalitres saved has been derived.

Unique Reference	PR19SSC_C6
Additional detail on measurement units	The 2024-25 performance commitment level (30.6 megalitres) is the total volume of water saved as a result of new residential properties built to HQM or BREEAM accreditation standards which meet 100 litres per person per day water efficiency level.
Specific exclusions	This performance commitment is focussed on a small subset of customers (new properties built to the above standards) and is not relevant to existing customers.
Reporting and assurance	Cumulative progress will be measured annually throughout 2020-2025 on 31 March through the Annual Performance Report (APR). The cumulative total on 31 March 2025 will represent the five-year total.
Measurement unit and decimal places	Megalitres saved 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	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	Megalitres	NA	1.9	3.8	7.7	15.3	30.6
Enhanced underperformance collar	Megalitres		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitres		NA	NA	NA	NA	NA
Underperformance deadband	Megalitres		NA	NA	NA	NA	NA
Outperformance deadband	Megalitres		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitres		NA	NA	NA	NA	NA
Enhanced outperformance cap	Megalitres		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

1.2.7 Protecting wildlife, plants, habitats and catchments

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: Improved land management delivers biodiversity and environmental improvements as well as cost-effective protection against environmental deterioration.

Performance commitment definition and parameters

Unique Reference	PR19SSC_C7
Detailed definition of performance measure	The area of land, in hectares, that the company actively manages to protect wildlife, plants, habitats and catchments. This performance commitment is structured around the following components. • Projects to protect, restore and enhance any National Environment Research Council (NERC) section 41 species and habitats that are present on any land the company owns or manages to prevent deterioration of populations and habitats. • Investigations and implementation of river restoration projects on chalk streams and rivers to improve habitats and maximise flow for brown trout. • Delivery of partnership projects aiming to prevent the introduction and spread of invasive species. These projects will reduce the risk of spread of invasive non-native species (INNS) on the land the company owns or manages and will prevent deterioration of a waterbody or meet the conservation objectives of a site of special scientific interest (SSSI) or Habitats Directive (HD) site. • Continuation of the company's 'PEBBLE' fund to support projects in the area that have a biodiversity benefit, including tree planting schemes. • The company will also include the area of land where it has undertaken catchment management activity which seeks to maintain and improve the river environment and adjacent land via the implementation of measures to protect and improve raw water quality and the environment. The performance commitment comprises both Water Industry National Environment Programme (WINEP) related and additional activity. The WINEP schemes included are

<table>
<tr><th>Unique Reference</th><th>PR19SSC_C7</th></tr>
<tr><td></td><td>all NERC or INNS primary driver codes. The performance commitment does not include catchment schemes that are in WINEP, but does include biodiversity related schemes from the company's overall catchment programme.
The table below outlines the expected components of the committed performance level.
<table>
<tr><th></th><th>2020-21</th><th>2021-22</th><th>2022-23</th><th>2023-24</th><th>2024-25</th></tr>
<tr><td>Green WINEP (schemes nr)</td><td>6</td><td>6</td><td>6</td><td>6</td><td>6</td></tr>
<tr><td>Green WINEP (hectares)</td><td>0</td><td>16</td><td>32</td><td>58</td><td>64</td></tr>
<tr><td>Amber WINEP (schemes nr)</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Amber WINEP (hectares)</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Non WINEP activity (hectares)</td><td>194</td><td>304</td><td>419</td><td>534</td><td>626</td></tr>
<tr><td>Total (hectares)</td><td>194</td><td>320</td><td>451</td><td>592</td><td>690</td></tr>
</table></td></tr>
<tr><td>Additional detail on measurement units</td><td>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 activity and agreed with Natural England and/or the Environment Agency.
The company will keep records of the activities and expected benefit of those actions for each area reported. This will include the view of interested stakeholders if the areas reported are actively managed through one or more of the components listed above. Interested stakeholders will involve any group that has an interest in the activity and could include the Environment Agency, Natural England Wildlife Trusts, or another recognised environmental Non-Governmental Organisation (for example the Royal Society for the Protection of Birds).</td></tr>
<tr><td>Specific exclusions</td><td>Excludes WINEP schemes that were uncertain and had an amber status on 1 April 2019.</td></tr>
<tr><td>Reporting and assurance</td><td>WINEP driven measures will be overseen by the Environment Agency and Natural England and the company must achieve their sign off to achieve completion at the end of the 2020-25 period. If the company is unable to deliver a requirement of the WINEP programme, the assigned hectares will be considered as an</td></tr>
</table>

Unique Reference	PR19SSC_C7
	underperformance against the performance commitment target. The company will publish an assurance report each year from an appropriately qualified external third party that confirms the following: • the activity delivered constitutes 'active management' of the area reported and deliver benefits for the entire area; and • evidence that stakeholders agree the company is actively managing each area reported.
Measurement unit and decimal places	Number of hectares 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	50% water resources 50% water network plus
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	Hectares	NA	194.0	320.0	451.0	592.0	690.0
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		229.0	355.0	486.0	627.0	725.0
Enhanced outperformance cap	Hectares		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.002500
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.001250
Outperformance payment - enhanced	NA

1.2.8 Carbon emissions

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 the company's operational activities.

Performance commitment definition and parameters

Unique Reference	PR19SSC_C8
Detailed definition of performance measure	Operational carbon emissions expressed as kilograms per connected property. 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, and water treatment.
Additional detail on measurement units	Operational emissions are calculated through the UK Water Industry Research Ltd (UKWIR) Carbon Accounting Workbook published on 8 May 2019. The operational emissions are measured in kilograms carbon equivalent ($kgCO_2e$) per million litres (Ml) of water put into supply. The measure includes all scope 1, 2 and 3 emissions, these are defined as: • Scope 1 - Direct emissions from owned or controlled sources • Scope 2 - Indirect emissions from the generation of purchased energy • Scope 3 - all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. The following key data will be collected to calculate operational emissions: • Electricity and gas used (by source type) at all operational sites and at the Company's head office • Gasoil used (by source type) at all operational sites and at the Company's head office • Diesel (by source type) and petrol usage by Company employees and contractors carrying out operational work • Sludge to landfill • Refrigerant gases.

Unique Reference	PR19SSC_C8
	The calculation of this performance commitment will be as follows: $$\text{kgCO2e per property} = \frac{\text{operational emissions}}{\text{Total connected properties}}$$ 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.
Specific exclusions	None
Reporting and assurance	The company will provide external third party assurance that all data relating to operational greenhouse gas emissions is compliant with the international carbon reporting standard (ISO 14064, Part 1), or its successors or recognised equivalents, and assured following an audit by an appropriately qualified independent third party
Measurement unit and decimal places	Net operational carbon emissions expressed as kilograms per connected property 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	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	kgCO2e per connected property	NA	68.0	68.0	66.0	64.0	61.0
Enhanced underperformance collar	kgCO2e per connected property		NA	NA	NA	NA	NA
Standard underperformance collar	kgCO2e per connected property		NA	NA	NA	NA	NA
Underperformance deadband	kgCO2e per connected property		NA	NA	NA	NA	NA
Outperformance deadband	kgCO2e per connected property		NA	NA	NA	NA	NA
Standard outperformance cap	kgCO2e per connected property		NA	NA	NA	NA	NA
Enhanced outperformance cap	kgCO2e per connected property		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

1.2.9 Customer contacts about water quality

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, taste and odour of drinking water.

Performance commitment definition and parameters

Unique Reference	PR19SSC_D6
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 1,000 population. Calculation is the number of contacts for appearance plus all taste/odour contacts multiplied by 1,000 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 *Information Letter 1/2006*, 6 January 2006, 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 guidance above for a full list of exclusions.
Reporting and assurance	The company is also required to report consumer contacts separately for appearance, taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of consumer contacts per 1,000 population, reported 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% water network plus

Unique Reference	PR19SSC_D6
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on data from the calendar year 2020.
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	1.14	1.11	1.08	0.95	0.76
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	-1.083
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.902
Outperformance payment - enhanced	NA

1.2.10 Visible leak repair time

Purpose: This performance commitment is designed to incentivise the company to reduce the number of days that it takes to repair visible leaks on its network.

Benefits: This performance commitment helps the company manage leakage by fixing leaks faster and reducing the duration of time the leak is active.

Performance commitment definition and parameters

Unique Reference	PR19SSC_D7
Detailed definition of performance measure	The number of days that the company takes to repair 90% of reported and visible leaks on its network, measured from the time the leak is found or reported. A visible leak is defined as a leak that is on the company's network (not customer-owned supply pipes or fittings) that has been: • reported to the company by a member of the public (any leak on the company's network reported by the public is assumed to have been sufficiently visible to be spotted); or • found by the company and is visible at the surface. The company will measure the time that it takes it to repair and reinstate the leak, starting from the point at which the visible leak was identified until the point at which the leak is repaired and reinstated.
Additional detail on measurement units	The company will report the number of days that it takes to repair the leak at the ninetieth percentile of the repair time for a visible leak.
Specific exclusions	None.
Reporting and assurance	The company should provide clear and precise commentary in its 2020-21 annual performance report (APR) submission

Unique Reference	PR19SSC_D7
	describing how it is reporting its performance of this performance commitment.
Measurement unit and decimal places	Number of days 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	The metric is based on 90% of visible leaks being repaired as it means that the company will target the vast majority of leaks being repaired within its target time whilst making an allowance for those leaks which are more complex, which may be caused by: • Permitting constraints; • Complications if needing to work alongside other contractors, for example if a leaking pipe is situated next to a gas main; and • Complex shut downs and re-zoning. The need to rearrange the network to maintain supplies to customers.
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	Days	NA	6	5	4	4	4
Enhanced underperformance collar	Days		NA	NA	NA	NA	NA
Standard underperformance collar	Days		NA	NA	NA	NA	NA
Underperformance deadband	Days		NA	NA	NA	NA	NA
Outperformance deadband	Days		NA	NA	NA	NA	NA
Standard outperformance cap	Days		NA	NA	NA	NA	NA
Enhanced outperformance cap	Days		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.129
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.068
Outperformance payment - enhanced	NA

1.2.11 Water treatment works delivery programme

Purpose: This performance commitment incentivises the company to deliver its planned improvement to its water treatment works on time, ensuring that customers receive the benefits in the expected timeframe.

Benefits: The schemes associated with this performance commitment aim to improve the appearance, taste and odour of the water supply.

Performance commitment definition and parameters

<table>
<tr><th>Unique Reference</th><th>PR19SSC_D8</th></tr>
<tr><td>Detailed definition of performance measure</td><td>This performance commitment measures the delivery of the company's water treatment works delivery programme. The relevant milestones are:
<table>
<tr><th>Estimated completion date</th><th>Milestone</th><th>Weight (%)</th><th>Cumulative progress (%)</th></tr>
<tr><td>31 March 2023</td><td>Seedy Mill treatment works upgrade: installation of 2nd stage filtration</td><td>55.1</td><td>55.1</td></tr>
<tr><td>31 March 2024</td><td>Hampton Loade treatment works upgrade: construction, installation and commissioning of ceramic membrane solution</td><td>44.9</td><td>100.0</td></tr>
</table>
Completion is determined by full completion of the respective milestones when the measures are in operation and providing clear benefit to customers.</td></tr>
<tr><td>Additional detail on measurement units</td><td>NA</td></tr>
<tr><td>Specific exclusions</td><td>NA</td></tr>
<tr><td>Reporting and assurance</td><td>When each works is delivered the company will publish an assurance report by an appropriately qualified third party that confirms that the schemes have been delivered in line with the scope of the works set out in the company business plan.</td></tr>
<tr><td>Measurement unit and decimal places</td><td>Percentage scheme completion to one decimal place</td></tr>
<tr><td>Measurement timing</td><td>Reporting year</td></tr>
</table>

Unique Reference	PR19SSC_D8
Incentive form	Revenue
Incentive type	Underperformance payments. In addition, at PR24 we will recover allowed costs of any underperformance expected in 2024-25 using a rate of £0.3065 million per unit.
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	%	NA	0.0	0.0	55.1	55.1	100.0
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

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

Incentive rates

Incentive type	Incentive rate (£m/unit)
Underperformance payment - standard	-0.0582
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.12 Bad debt level

Purpose: This performance commitment is designed to incentivise the company to reduce the level of bad debt charge that is incurred each year by residential customers.

Benefits: Reducing the level of the bad debt charge incurred by customers will help to ensure that bills are fair and affordable for all, particularly for customers in vulnerable circumstances.

Performance commitment definition and parameters

Unique Reference	PR19SSC_E1
Detailed definition of performance measure	The level of residential bad debt charge that the company incurs each year, expressed as percentage of total residential revenue. Bad debt is defined as money that is owed to the company, but that has not been paid; primarily because the customer who owes the money cannot or will not pay their bill.
Additional detail on measurement units	In the 2019 Regulatory Reporting Guidelines for the Annual Performance Report (APR), this is the doubtful debt value in table 2C, divided by the total residential revenue in table 2F.

Unique Reference	PR19SSC_E1
Specific exclusions	NA
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage 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	3.01	2.86	2.79	2.76	2.75
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

		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

1.2.13 Residential void properties and gap sites

Purpose: This performance commitment is designed to incentivise the company to bill all properties that use water.

Benefits: Reducing the number of household gap sites and void properties, which are occupied but not billed, will result in fairer charges between customers and lower bills for customers already paying.

Performance commitment definition and parameters

Unique Reference	PR19SSC_E2
Detailed definition of performance measure	The number of household properties validated, either as a billable property or as a void, by the company each year as a percent of the total number of household void properties and gap sites in the company's area.

Unique Reference	PR19SSC_E2
	The company will obtain external third party data that covers properties in its entire supply area each year and will validate its billing system each year against this data. 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. A gap site is identified as a property that is not recorded on the company's billing database. The total number of properties to review is set using third party and credit reference data and properties not appearing on the company's billing system will be checked and added if found to be a gap site ie a property which is connected for water supply but which the company does not have recorded on their billing system.
Additional detail on measurement units	None
Specific exclusions	Excludes non-household properties. 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.
Reporting and assurance	The company will provide external third party assurance to verify the performance achieved and appropriate adherence to the methodology. The company will report the number of gap sites found each year by following this methodology and the number of void properties billed.
Measurement unit and decimal places	Percentage of properties verified 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	Residential retail

Unique Reference	PR19SSC_E2
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	-0.006745
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.14 Employee engagement

Purpose: This performance commitment measures levels of employee satisfaction as well as incentivising the company to attain the 'Investors in People' accreditation.

Benefits: A motivated workforce will provide better service to customers.

Performance commitment definition and parameters

Unique Reference	PR19SSC_E3
Detailed definition of performance measure	The company will report "met" if two conditions are met 1) The company achieves and maintains the 'Investors in People' (IiP) accreditation from 2021-22 and is on course to do this in 2020-21. 2) The company improves its Net Promoter Score (NPS) by +10 points in the annual employee survey from the baseline position. If one or both conditions are not met the company will report "not met". Net Promoter Scores (NPS) measure customer or employee experience and are compiled from surveys where customers or employees are asked how likely they are to recommend a company, product or service. The NPS approach is used to gauge the loyalty of an organisation's customer relationships; the 'customers' in this case being the company's employees. Investors in people is an internationally recognised accreditation targeted at people management. If these standards change the company will seek accreditation under a successor or recognised equivalent.
Additional detail on measurement units	The company will report on the 2019-20 baseline position for the NPS element of this performance commitment as part of its Annual Performance Report (2019-20). NPS scores in the period 2020-25 will be assessed annually against the baseline position.
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Text, "met" or "not met"
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19SSC_E3
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	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

1.2.15 Treating our suppliers fairly

Purpose: This performance commitment measures how fairly the company treats small businesses that it works with and utilises as part of its supply chain.

Benefits: The performance commitment ensures all small business (<£6.5m annual turnover) that provide services to the company are paid promptly for their services and treated fairly.

Performance commitment definition and parameters

Unique Reference	PR19SSC_E4
Detailed definition of performance measure	The percentage of small businesses (<£6.5m annual turnover) that the company pays within 30 days. This performance commitment is related to the company's compliance with the Department for Business, Energy and Industrial Strategy prompt payment code. The prompt payment code sets standards for payment practices and best practice and is administered by the Chartered Institute of Credit Management. Compliance with the principles of the code is monitored and enforced by the prompt payment code compliance board. The code covers prompt payment (within 60 days, working towards 30 days as the norm), as well as wider payment procedures. As a code signatory, the company commits to the following. **1) Pay suppliers on time** • within the terms agreed at the outset of the contract • without attempting to change payment terms retrospectively • without changing practice on length of payment for smaller companies on unreasonable grounds. **2) Give clear guidance to suppliers**

Unique Reference	PR19SSC_E4
	• providing suppliers with clear and easily accessible guidance on payment procedures • ensuring there is a system for dealing with complaints and disputes which is communicated to suppliers • advising them promptly if there is any reason why an invoice will not be paid to the agreed terms **3) Encourage good practice** • by requesting that lead suppliers encourage adoption of the code throughout their own supply chains. In addition to signing up to the code, the company will also measure the percentage of small businesses (<£6.5m annual turnover) that it pays within 30 days. If, during the period, the prompt payment code materially changes or ceases, 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.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	The company will provide assurance that it has signed up to, and is compliant, with the Department for Business, Energy and Industrial Strategy prompt payment code in order to count towards the achievement of this performance commitment.
Measurement unit and decimal places	Percentage of small businesses 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

Unique Reference	PR19SSC_E4
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	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.16 Trust

Purpose: This performance commitment is designed to incentivise the company to measure and monitor the views of its customers in relation to their levels of trust in the company.

Benefits: This performance commitment will enable the company to measure customers' levels of trust in the company and benchmark their performance against other sectors.

Performance commitment definition and parameters

Unique Reference	PR19SSC_F1
Detailed definition of performance measure	Average survey score out of ten that reflects customers' level of trust in the company. The performance commitment is a combination of two components that each have aligned scoring systems. 1) The score of 'trust' obtained from the company's quarterly tracker survey. The company will use a score of one to ten to align with the equivalent UK Customer Satisfaction Index (UKSCI) approach, which can be benchmarked against other sectors. This is the overall average of scores for the year. 2) The score obtained from the annual CCWater survey 'trust' measure. This survey will also utilise a score of one to ten. Each of the two surveys will contribute 50% to the final reported value. The company survey component should be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society). The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment. If, during the period, the UKCSI or the CCWater trust survey cease, or materially change the way they are measured, 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.
Additional detail on measurement units	The metric will enable the company to compare its trust scores with wider sectors through UKCSI's regular benchmarking reports

Unique Reference	PR19SSC_F1
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Numeric score 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	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	8.10	8.15	8.20	8.25	8.30
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

1.2.17 Value for money

Purpose: This performance commitment incentivises the company to deliver a water service that represents value for money to its customers.

Benefits: Assessing customer views on value for money is an important factor in understanding drivers of legitimacy with customers and in ensuring that the quality of service provided to customers continues to improve.

Performance commitment definition and parameters

Unique Reference	PR19SSC_F2
Detailed definition of performance measure	The proportion of customers satisfied that the company offers a value for money service. The company will combine its own quarterly tracker survey, measured as a percentage, with CCWater's annual value for money survey, also measured as a percentage, to form a combined measure of value for money. Each survey will contribute 50% of the weight to the final reported value. Sample size for the company survey will be at least 1,200 customer interviews per year (at least 400 business customers and the remainder household customers), with representative samples of customers being contacted for feedback in both the South Staffs and Cambridge regions. The methodology will involve both telephone and online contacts. At least 600 interviews will be carried out by telephone. In the interests of consistency, the question and approach to coding answers used in the CCWater survey and the company's survey will be identical. The company will ensure that its survey will be planned and carried out following social research best practice (e.g. any applicable sections of a relevant code such as that published by the Market Research Society). The sample size should be selected to give a reasonable statistical significance for the purpose of the performance commitment. The company's internal survey will be conducted by a suitably qualified external research agency. 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.

Unique Reference	PR19SSC_F2
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements
Measurement unit and decimal places	Percentage 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	The Customer Challenge Group (CCG) will review and challenge the reporting methodology and provide assurance that the approach adheres to social research best practice and then review the quarterly results provided by the independent agency. The company will shadow report in 2019-20 following the appointment of the research agency.
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	78	79	81	83	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
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

1.2.18 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	PR19SSC_NEP01
Detailed definition of performance measure	Has the company "met" or "not met" all of its requirements for WINEP, in the reporting year. 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." All WINEP schemes will be included including those reported under other performance commitments.
Additional detail on measurement units	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.
Specific exclusions	None
Reporting and assurance	The company will secure confirmation from the Environment Agency that performance has been correctly reported. The view of the Environment Agency will be definitive. 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.
Measurement unit and decimal places	Text stating either "met" or "not met".
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA

Unique Reference	PR19SSC_NEP01
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

Annex 1: Key performance commitments for South Staffs Water

Details of the key performance commitments that we present in Table 1.2 of 'PR19 final determinations: South Staffs 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:

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

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**
• 29% reduction in water supply interruptions by 2024-25*	$\frac{(5-7)min}{7min} \times 100 = -29\%$
Key bespoke performance commitments	
Measure	**Calculations**
• 396% increase in the area of land that the company actively manages to protect wildlife, plants, habitats and catchments by 2024-25.	$\frac{(690-139)ha}{139ha} \times 100 = +396\%$
• 12% reduction in the amount of direct or indirect operational carbon emissions as a result of our operations, per connected property by 2024-25.	$\frac{(61-69)kg/connected\ prop}{69kg/connected\ prop} \times 100 = -12\%$
• 38% reduction in the number of customer contacts received each year about the appearance, taste and odour of water, or perceived illness by 2024-25.	$\frac{(0.76-1.23)contacts/1000pop}{1.23contacts/1000pop} \times 100 = -38\%$

*September 2018 submission data is used to calculate this value.

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 determination[1], 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 represents 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.