

November 2023

# Final determination of South West Water's in-period outcome delivery incentives for 2022-23

## About this document

This document provides our final determination on the extent to which the price controls included in our PR19 final determinations<sup>1</sup>, are to be adjusted to reflect South West Water's performance for the 2022–23 charging year, under [Part 3A of condition B](#) of the company's licence (Performance Measure Adjustments, referred to in this document as 'in-period' determinations).

The specific adjustments, and our reasons for these, are set out in this document and in our [Sector overview: Final determinations of in-period outcome delivery incentives for 2022–23](#).

On 3 June 2021, Pennon Group plc (the parent undertaking of South West Water Limited) acquired 100% of the share capital of Bristol Water Holdings UK Limited BWHUK (the parent undertaking of Bristol Water Limited). Paragraph 2.3 of the [undertakings](#) made by Pennon to the CMA and accepted by the CMA on 7 March 2022 states that South West Water (now referred to as "South West area") and Bristol Water (now referred to as "Bristol area") will continue to report their performance commitments and ODIs separately for the remainder of the 2020–25 price control period. Therefore, our final determination states separately the extent to which the PR19 price controls need to be adjusted for the South West area's performance and for the Bristol area's performance for the 2022–23 charging year.

We also publish models related to our final determinations on our [website](#).

## Background

At the 2019 price review (PR19), companies made pledges to their customers and stakeholders about the service levels they would meet to make progress towards stated outcomes (performance commitments). Companies' performance commitments form a key part of the service package that they are expected to deliver. South West Water's performance commitments for the 2020–25 period are set out in [PR19 final determinations: South West Water - Outcomes performance commitment appendix](#).<sup>2</sup> The performance commitments for the company's Bristol area are set out in [PR19 final determinations: Bristol Water - Outcomes performance commitment appendix](#).

Each performance commitment has an outcome delivery incentive (ODI) that provides either financial or reputational consequences for companies of outperforming or underperforming their performance commitments. Many of the financial ODIs are paid during the 2020–25

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<sup>1</sup> or set by the Competition and Markets Authority (CMA), and as adjusted by any subsequent interim determination of K (IDoK).

<sup>2</sup> We take account of performance commitments as set out in this appendix, adjusted, if relevant, in accordance with Annex 2 of the appendix. Annex 2 provides for changes and corrections to be made to performance commitment definitions during the 2020–25 period in certain circumstances. An overview of changes and corrections made to companies' performance commitment appendices can be found at [PR19 Outcomes performance commitments: changes and corrections](#).

price control-period. The reason for this is to bring payments closer in time to when customers experience a given level of performance. The remaining incentives are paid at the end of the period.

ODIs act as an incentive for companies to deliver their committed levels of performance, returning funding to customers for foregone benefits if they deliver less than is expected. Companies that go beyond and deliver greater benefits than expected to customers and the environment can receive outperformance payments to incentivise them to keep up this outperformance.

South West Water reported its performance against these performance commitments in its annual performance report (APR) in July 2023. We assessed the company's performance against its performance commitments and, in September 2023, consulted on our [draft determinations](#) for companies' in-period ODIs for 2022-23. We have carefully considered the [responses](#) we received relating to our draft determinations.

Our final determination sets out relevant adjustments to the company's price controls, for one or more future years. The results of our assessment for 2022-23 will affect South West Water's customers' bills in the 2024-25 Charging Year.

Further details regarding the responses we received, our final determinations and the adjustments that we have made are presented in sections 1 and 2, and in [Sector overview: Final determinations of in-period outcome delivery incentives for 2022-23](#).

In our [Sector overview Final determinations of in-period outcome delivery incentives for 2020-21](#) we deferred our determination of the value of companies' ODI payments for usage of water per person (known as Per Capita Consumption) for the 2020-21 to 2023-24 charging years to the end of the 2020-25 period. We set out this decision and the reasons for it in this [decision document](#), which we published after having considered stakeholder responses to our July 2021 consultation.

## Executive summary

### South West area

Having assessed South West Water area's performance against its performance commitments in 2022-23, the ODI payments and performance are as reported by the company with the following exceptions:

- C-MeX and D-MeX – we are including a C-MeX underperformance payment of £0.697m and a D-MeX underperformance payment of £0.308m, based on the assessment of 2022-23 company performance; and
- interventions on the following performance commitments:

- Water quality compliance (CRI, or compliance risk index) – we are increasing the company's underperformance payment by £0.004m to align with the latest data from the Drinking Water Inspectorate.
- Sewer collapses – we are decreasing the company's outperformance payment by £0.066m to maintain reporting consistency against the performance commitment level set at PR19.

See section 1 for the results of our assessment for the South West area.

## **Bristol area**

Having assessed the Bristol area's performance against its performance commitments in 2022-23, the ODI payments and performance are as reported by the company with the following exception:

- C-MeX and D-MeX – we are including a C-MeX outperformance payment of £0.214m and a D-MeX outperformance payment of £0.139m, based on the assessment of 2022-23 company performance; and
- Intervention on the following performance commitment:
  - Water quality compliance (CRI, or compliance risk index) – we are decreasing the company's underperformance payment by £0.004m to align with the latest data from the Drinking Water Inspectorate. This is a change of £0.004m from our draft determination.

See section 1 for the results of our assessment for the Bristol area.

## Contents

<b>1.</b>	Results of our assessment	5
1.1	Interventions and policy decisions	5
1.2	C-Mex and D-Mex	14
1.3	Payment deferrals and abatements	14
<b>2.</b>	Impact of 2022-23 in-period ODI assessment on price controls	16
2.1	Our final determination (South West area)	16
2.2	Our final determination (Bristol area)	20

# 1. Results of our assessment

## 1.1 Interventions and policy decisions

We are intervening on South West Water's reported performance and ODI payments for 2022–23 as follows:

### South West area

Table 1.1 below sets out our view of the payments due for performance commitments on which we have intervened compared to the values reported by South West Water for the South West area.

**Table 1.1: Summary of interventions**

Performance commitment	Company's reported payments 2022–23 (£m)	Our draft determination after interventions 2022–23 (£m)	Our final determination after interventions 2022–23 (£m)	Difference between company view and our final determination (£m)
Water quality compliance (CRI)	-0.144	-0.148	-0.148	-0.004
Sewer collapses	0.290	0.224	0.224	-0.066

In our final determination we are intervening on the following performance commitments for the South West area:

### 1.1.1 Leakage

#### Our draft determination

In our [Final determination of South West Water in-period outcome delivery incentives for 2021–22](#), we deferred our decision for South West Water's performance in relation to its leakage performance commitment (PC) and the associated ODI payment. This was to give us sufficient time to consider further information that we had requested. We expected that this would give us a clearer understanding of the data and the methodology the company had used for reporting its 2021–22 leakage performance commitment.

We have since opened a Section 203 investigation into South West Water relating to the accuracy of information reported by the company for its performance on leakage and per capita consumption. The scope of our draft determination was limited to whether the company has reported its performance in line with the requirements of the PC definition for leakage, based on evidence submitted by the company in its 2022–23 APR submission.

The South West area met its performance commitment level for its leakage PC for 2022–23 but reported no payments in its 2022–23 APR, as its reported performance is within the outperformance deadband for this PC.

Whilst South West Water stated in its 2022–23 APR submission that the South West area was compliant in all components of the PR19 common methodology for leakage and PCC for 2022–23, the company's third party assurer noted that it found exceptions where the company's leakage is reported differently to the baseline in the 2019 Final Determination. In response to our query (SWB-APR-IP-003), South West Water referred to its formal response to the Section 203 investigation, noting that changes made could represent a change in methodology and that it would be considering its historical position. The company further stated that the Section 203 investigation is ongoing and it continues to work openly and transparently with us as it works through the historical review and further requests.

In our draft determination, we therefore deferred our determination for South West Water's performance in relation to its leakage performance commitment for the South West area. As a consequence of our deferral, our draft determination retained the ODI payment for leakage reported by the company for the South West area of £0.

We said that should any leakage be revised or restated in future, our subsequent determinations will take account of the company's relevant performance and the adjustments we have made to the relevant price control in relation to the leakage performance commitment.

## **Stakeholders' responses**

We did not receive any specific comments on this issue.

## **Consideration of responses and final determination**

Having received no stakeholder responses on this matter, our final determination on the company's performance payment for this performance commitment is as stated in our draft determination, above.

### **1.1.2 Water quality compliance (CRI)**

#### **Our draft determination**

We intervened to increase South West Water's underperformance payments for the South West area in relation to its water quality compliance performance commitment by £0.004m to align with the latest Drinking Water Inspectorate (DWI) data. South West Water reported a CRI of 2.39 for the South West area but the latest DWI data shows that the CRI for the South West area was 2.396. When reported to 2 decimal places as required, the reported performance was 2.40.

## Stakeholders' responses

We did not receive any specific comments on this issue.

## Consideration of responses and final determination

Having received no stakeholder responses on this matter, our final determination on the company's performance payment for this performance commitment is as stated in our draft determination, above.

### 1.1.3 Sewer collapses

#### Our draft determination

We intervened to decrease the South West area's outperformance payments on this PC by £0.066m, from £0.290m to £0.224m. This was because the company's reported outperformance payment of £0.290m used a different methodology for estimating private sewer length transferred under Section 105a compared to previous reporting years. The company told us that private sewer length for 2022–23, using the new methodology, was 11,642km compared to 7,857km in previous reporting years. This represented a significant deviation from the basis used for setting the company's performance commitment levels at PR19. On page 2 of the [Consolidated PR19 FD Outcomes PC appendix](#), we state “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.” Therefore, we applied the private sewer length of 7,857km<sup>1</sup> used in previous reporting years to maintain reporting consistency for the remainder of the 2020–25 period.

#### Stakeholders' responses

In its [consultation response](#), South West Water says it is disappointed with Ofwat's conclusion but that it does understand the intervention. The company states that:

'While we are disappointed with that update to private sewer length (which are included in sewer collapses) cannot be used in the ODI calculation, we understand Ofwat's intervention. We are keen to ensure that consistent data is used in all reporting, and where better data is available it is used for industry comparisons, even where performance incentives should not change. This is important where the Environment Agency uses the data as part of its analysis and reporting. As we set out as part of our PR24 plan, scaling metrics in general are less clear and subject to greater uncertainty in measurement than absolute targets.'

#### Consideration of responses and final determination



Having received no other stakeholder responses on this matter, our final determination on the company's performance payment for this performance commitment is as stated in our draft determination, above.

We have the following comments relating to the unplanned outage performance commitment:

#### **1.1.4 Unplanned outage**

##### **Our draft determination**

We did not intervene or comment on this matter in our draft determination; nor did we receive any stakeholder comments on it.

##### **Our final determination**

In our [Sector overview: Final determinations of in-period outcome delivery incentives for 2022–23](#), we highlight matters identified by our review of company submissions for the unplanned outage performance commitment. In light of these matters, companies should review their approach to peak week production capacity (PWPC) against the common methodology in the PR19 reporting guidance to ensure that they are acting in compliance. Should unplanned outage performance information for the South West area be revised or restated in future, we expect the company to clearly identify any reasons for the restatement and quantify the impact of any changes to data and/or assumptions on reported unplanned outage. We will take account of adjustments we have made to the relevant price control relating to the company's unplanned outage performance in making future determinations.

#### **1.1.5 Other stakeholders' responses**

Two South West Water customers responded to our consultation. The full customer comments are available on our [website](#).

In summary, one of the customers raised a concern that prices were being increased to pay for work to meet regulatory standards and suggests that the company should be paying out less in bonuses and dividends.

The other customer raised concerns around the widespread impact of failed investment in water and sewerage infrastructure and poor value for money for customers.

##### **Consideration of responses and final determination**

We will respond directly to these customers, addressing the specific points raised. In summary we note that:

- Some of the concerns raised by customers, for example issues related to investment, fall outside of the scope of the in-period ODIs process.
- The price controls set for 2020–25 (set as part of the 2019 price review (PR19) ) included stretching commitments to improve the service provided to customers and to protect the environment. They also provided significant levels of investment to maintain expected performance and make step changes to improve both service and environmental performance. For example, the final determination provided South West Water with £312 million to invest in improvements to service, resilience and the environment.
- As we explain in the background section of this document, the ODI framework is a key part of holding companies to account for their performance. Where companies' performance is below expectations ODIs mean customers receive money back. In the case of South West Water for example, the level of performance in the South West Water area during 2021–22, 2021–22 and 2022–23 has resulted in underperformance payments of £38.024 million. This money is returned to customers and should take the form of reductions in customer bills. The Bristol area's performance during the same period has resulted in net underperformance payments of £3.525 million. Further details of company performance and our assessment of it, can be seen in the [water company performance report](#).
- The in-period ODIs process and our PR19 outcomes framework sit in the broader context of the company's statutory and licence requirements. Each company has to ensure that it complies with its legal obligations, or risk enforcement action. We consider the revenues allowed in the final determinations, which are based on an assessment of efficient allowed costs, are sufficient for companies (including South West Water) to meet their obligations and commitments to customers. 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.
- In March 2023, we announced new powers on water company dividends. Our position on company profits and dividends is further detailed on our [website](#).

## Bristol area

Table 1.2 below sets out our view of the payments due for performance commitments on which we have intervened compared to the values reported by South West Water for the Bristol area.

**Table 1.2 Summary of interventions**

Performance commitment	Company's reported payments 2022-23 (£m)	Our draft determination after interventions 2022-23 (£m)	Our final determination after interventions 2022-23 (£m)	Difference between company view and our final determination (£m)
Water quality compliance (CRI)	-0.592	-0.592	-0.588	0.004

In our final determination we are intervening on the following performance commitment for the Bristol area:

### 1.1.6 Water quality compliance (CRI)

#### Our draft determination

We did not intervene in our draft determination.

#### Stakeholders' responses

We have received confirmation from the Drinking Water Inspectorate (DWI) that the correct reported value for South West Water's Bristol area CRI for 2022-23 is 4.575, rather than 4.602.

#### Consideration of responses and final determination

We are intervening to reduce South West Water's Bristol area underperformance payment in relation to its water quality compliance performance commitment by £0.004m to align with the latest DWI data, which was not available at the time the 2022-23 APR was submitted. The CRI reported for the Bristol area was 4.602, but the latest DWI data shows that the Bristol area CRI is 4.575.

We make comments with respect to the following areas:

### 1.1.7 Voluntary abatement of K

#### Our draft determination

Our draft determination reflected the agreed reduction in customer bills through a voluntary abatement of K for the Bristol area's financing cost and household retail revenue allowances, to reflect the undertaking to the Competition and Markets Authority (CMA) following the acquisition by Pennon Group.

In accordance with the company's proposal, we deducted:

- 1.47% from the 2023-24 K factor for wholesale water resources;

- 1.10% from the 2023–24 K factor for wholesale water network plus; and
- £0.01m from household residential retail allowed revenue for 2023–24 and 2024–25.

## Stakeholders' responses

We did not receive any specific comments on this issue.

## Consideration of responses and final determination

Having received no stakeholder responses on this matter, our final determination on the voluntary abatement of K is as stated in our draft determination, above.

### 1.1.8 Unplanned outage

#### Our draft determination

In its 2022–23 APR, the company reported an increase in unplanned outage of 6.21% for the Bristol area against the performance commitment level of 2.34% and an underperformance payment of £0.712m.

The company reported that it had not achieved full compliance with the [PR19 common performance commitment definitions](#) and the [unplanned outage reporting guidance](#) relating to peak week production capacity (PWPC). We also identified that the company reported its unplanned outage performance for 2022–23 inconsistently across its [annual performance report](#) and [Bristol Water PLC annual report and financial statements](#) and [Pennon Group financial report](#). We asked the company to explain the approach to calculating PWPC and to clarify the inconsistency of the reported performance figures across its publications.

In response to our query BRL-APR-IP-001, the company reviewed its PWPC calculations for the Bristol area and stated that its unplanned outage for 2022–23 should be 6.36% instead of the 6.21% reported in its 2022–23 APR. There was no impact on the Bristol area's reported underperformance payment, which was already capped by the underperformance collar of 4.68% for this PC. However, we noted that the external assurer's report (provided as part of the response) stated that four sites which were included in the prior year's PWPC estimates were now excluded from the revised PWPC calculation, which resulted in a lower figure compared to previous years. This change in PWPC was the main reason for the change in reported unplanned outage performance for 2022–23.

In our draft determination we required the company to review its reported PWPC figures for the Bristol area, including the four sites that were excluded, and to confirm the impact of any corrections required to the Bristol area's reported performance and ODI payments for 2022–23 and previous years. We required the company to complete the review before its PR24 business plan submission (as it suggests in its query response) and to include the outcome of the review in its response to the draft determination. This included a report by the external

assurer confirming that it has assured the output of the review and subsequent data changes.

## Stakeholders' responses

In the company's response to our draft determination, which is published on our [website](#), South West Water stated that it had undertaken a review of its peak week production capacity (PWPC) figures that form part of the calculation of unplanned outage for its Bristol area. The company stated that it had confirmed in its previous query response (BRL-APR-IP-003) that there was no impact on ODI payments for 2022-23 or prior years, as performance fell outside of the underperformance payment range.

South West Water previously provided an assurer's memorandum dated 18th August 2023 in response to our query (BRL-APR-IP-001). The company confirmed a reduced PWPC value of 517 Ml/d and a reduced outage volume of 32.88 Ml/d for 2022-23, it told us that the Bristol area unplanned outage for 2022-23 should be 6.36%.

In its response to our draft determination, it restated its reported performance for the Bristol area unplanned outage performance commitment for years 2020-21, 2021-22 and 2022-23, using the reduced PWPC value of 517 Ml/d for all three years:

**Table 1.3: Restated unplanned outage performance for Bristol area**

	2020-21	2021-22	2022-23
<b>Previous annual performance reported unplanned outage (%)</b>	0.20	1.74	6.21
<b>Restated annual performance reported unplanned outage (%)</b>	0.21	1.82	6.36

## Consideration of responses and final determination

Having considered stakeholders' responses on this matter, our final determination on the company's underperformance payment for this performance commitment is as stated in our draft determination, above. This is because the restatement for 2022-23 does not impact the underperformance payment which is already capped at £0.712m by the underperformance collar of 4.68% for this PC.

However, we reiterate the requirement for the company to provide evidence of its assurance of its PWPC values. The company should confirm the timescale by which it will provide this information.

In our [Sector overview: Final determinations of in-period outcome delivery incentives for 2022–23](#), we highlight matters identified by our review of company submissions for the unplanned outage performance commitment. In light of these matters, companies should review their approach to peak week production capacity (PWPC) against the common methodology in the PR19 reporting guidance to ensure that they are acting in compliance. Should South West Water's Bristol area unplanned outage performance information be revised or restated in future, we expect the company to clearly identify any reasons for the restatement and quantify the impact of any changes to data and/or assumptions on reported unplanned outage. We will take account of adjustments we have made to the relevant price control relating to the company's unplanned outage performance in making future determinations.

### **1.1.9 Leakage**

#### **Our draft determination**

The company reported that the Bristol area had not achieved full compliance with the [PR19 common performance commitment definitions](#) and the [leakage reporting guidance](#). The company reported one main component as materially non-compliant (water balance and MLE). We therefore applied the reported underperformance payment of £0.681m in our draft determination.

We said we expected all companies to be reporting full compliance with the leakage and per capita consumption (PCC) methodology. We said that should any leakage information be revised or restated in future, our subsequent in-period determinations will take account of the company's relevant performance and the adjustments we have made to the relevant price control in relation to the leakage performance commitment.

#### **Stakeholders' responses**

We did not receive any specific comments on this issue.

#### **Consideration of responses and final determination**

Having received no stakeholder responses on this matter, our final determination on the company's performance payment for this performance commitment is as stated in our draft determination, above.

## 1.2 C-Mex and D-Mex

### Our draft determination

On 26 September 2023, we published the relative performance of all companies.

For the South West area, our final determination includes a C-MeX underperformance payment of £0.697m and a D-MeX underperformance payment of £0.308m, based on our assessment of 2022-23 performance.

For the Bristol area, our final determination includes a C-MeX outperformance payment of £0.214m and a D-MeX outperformance payment of £0.139m, based on our assessment of 2022-23 performance.

Further details on C-MeX and D-MeX can be found on the [Customer and Developer Services experience](#) pages of the Ofwat website and in the published C-MeX and D-MeX models.

### Stakeholders' responses

We did not receive any specific comments on this issue.

### Consideration of responses and final determination

Having received no stakeholder responses on this matter, our final determination on the company's performance payments for these performance commitments is as stated in our draft determination, above.

## 1.3 Payment deferrals and abatements

As set out in the [PR19 Reconciliation Rulebook: Guidance Document](#), companies can ask us to defer outperformance or underperformance payments, or abate outperformance payments. A deferral results in us delaying when the adjustment will be made to companies' revenue. An abatement results in no adjustment to the company's revenues in relation to the relevant performance commitment in the subsequent charging year.

South West Water did not request any payment deferrals or abatements for its South West area. As set out in section 1.1, based on our assessment of the company's performance, we are intervening to defer our decision on its leakage performance commitment. Because the company reported an outperformance payment of £0m we do not consider any interventions are required on how the company has reflected this in its ODI performance model. As such, we do not apply any payment deferrals or abatements in our in-period adjustments model for the final determination.

In our [Final Determination of South West Water's in-period outcome delivery incentives for 2021-22](#), we deferred our decision on the company's outperformance payment in relation to its leakage performance commitment. We continue to defer our decision on the South West area's leakage performance for 2021-22 due to the continuing concerns we have in this area, as set out in section 1.1.

The company did not request any payment deferrals or abatements for the Bristol area. Based on our assessment of the company's performance, we do not consider any are required. As such, we do not apply any payment deferrals in our final determination.



## 2. Impact of 2022-23 in-period ODI assessment on price controls

### 2.1 Our final determination (South West area)

In this section we outline the financial impacts of our final determinations.

Unless otherwise stated all values are £m in 2017-18 FYA CPIH prices.

Table 2.1 below sets out the change between our draft and final determinations.

**Table 2.1: Change between draft and final determination for the company's South West area on total ODI payments to be applied to customer bills in 2024-25 .**

Price control	Draft determination on total ODI payments to be applied to customer bills in 2024-25 (£m)	Change between draft and final determination on total ODI payments to be applied to customer bills in 2024-25 (£m)	Final determination on total ODI payments to be applied to customer bills in 2024-25 (£m)
Water resources	-0.150	0.000	-0.150
Water network plus	-4.451	0.000	-4.451
Wastewater network plus (WaSCs only)	-3.882	0.000	-3.882
Bioresources (WaSCs only)	-0.064	0.000	-0.064
Residential retail	-0.697	0.000	-0.697
<b>Total</b>	<b>-9.244</b>	<b>0.000</b>	<b>-9.244</b>

**Table 2.2: Final determination on adjustment to 2024-25 price controls for the company's South West area as a result of performance against ODIs**

This table sets out our final determination on the ODI payments to be applied to price controls in the 2024-25 charging year after accounting for:

- the in-period ODI payments for each company based on their performance in 2022-23;
- our final determination on these payments after any interventions;
- brought forward deferrals;
- our final determinations on 2022-23 deferrals and abatements; and
- our final determination on C-MeX and D-MeX payments.

For further details, see section 1.

This final determination on the ODI payments to be applied for South West Water for its South West area is also set out in the in-period adjustments model published on our website.

Final determination of South West Water's in-period outcome delivery incentives for 2022-23

Price control	Company's reported ODI payments (£m)	Ofwat FD ODI payments (£m)	ODI payments deferred from 2021-22 (£m)	Ofwat FD deferrals (£m)	Ofwat FD abatements (£m)	Bespoke FD adjustments (£m)	C-MeX FD payments (£m)	D-MeX FD payments (£m)	Final determination on total ODI payments to be applied to customer bills in 2024-25 (£m)
Water resources	-0.150	-0.150	0.000	0.000	0.000	0.000	0.000	0.000	-0.150
Water network plus	-4.290	-4.294	0.000	0.000	0.000	0.000	0.000	-0.157	-4.451
Wastewater network plus (WaSCs only)	-3.665	-3.731	0.000	0.000	0.000	0.000	0.000	-0.151	-3.882
Bioresources (WaSCs only)	-0.064	-0.064	0.000	0.000	0.000	0.000	0.000	0.000	-0.064
Residential retail	0.000	0.000	0.000	0.000	0.000	0.000	-0.697	0.000	-0.697
<b>Total</b>	<b>-8.170</b>	<b>-8.239</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>-0.697</b>	<b>-0.308</b>	<b>-9.244</b>

**Table 2.3: Breakdown of bespoke adjustments**

This table provides a breakdown of the bespoke adjustments included in our final determinations.

Price control	Prior year restatements (£m)	Time value of money adjustment on prior year total (£m)	Green economic recovery (£m)	Total bespoke adjustments to be applied to customer bills in 2024-25 (£m)
Water resources	0.000	0.000	0.000	0.000
Water network plus	0.000	0.000	0.000	0.000
Wastewater network plus (WaSCs only)	0.000	0.000	0.000	0.000
Bioresources (WaSCs only)	0.000	0.000	0.000	0.000
Residential retail	0.000	0.000	0.000	0.000
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**Table 2.4: Changes to price controls (final determinations)**

This table sets out the impact of our final determination on the company's price controls, as set out in the in-period adjustments model published on our website. See [Sector overview: Final determinations of in-period outcome delivery incentives for 2022-23](#) for how we apply adjustments for tax and inflation.

Price control		2021-22	2022-23	2023-24	2024-25
Water resources (K factors)	Previous determination	-2.54	1.65	-2.88	1.95
	Revised	-2.54	1.65	-2.88	0.82
Water network plus (K factors)	Previous determination	0.58	-1.75	-5.78	6.00
	Revised	0.58	-1.75	-5.78	2.84
Wastewater network plus (K factors)	Previous determination	-0.82	-6.35	3.57	0.31
	Revised	-0.82	-6.35	3.57	-2.18
Bioresources (unadjusted revenue, Urt - £m, 2017-18 FYA CPIH prices)	Previous determination	23.360	23.372	23.691	23.911
	Revised	23.360	23.372	23.691	23.826
Residential retail (total revenue, TRt - £m, nominal prices)	Previous determination	30.516	29.772	29.633	30.477
	Revised	30.516	29.772	29.633	29.286

We have based South West Water's final determination for its South West area on the data and commentary provided to us by South West Water. Should any of this information be

revised or restated, we may take account of this, and previous price control adjustments relating to company performance, when making future determinations.

## 2.2 Our final determination (Bristol area)

In this section we outline the financial impacts of our final determinations.

Unless otherwise stated all values are £m in 2017-18 FYA CPIH prices.

This table sets out the change between our draft and final determinations.

**Table 2.5: Change between draft and final determination on total ODI payments for the company's Bristol area to be applied to customer bills in 2024-25 .**

Price control	Draft determination on total ODI payments to be applied to customer bills in 2024-25 (£m)	Change between draft and final determination on total ODI payments to be applied to customer bills in 2024-25 (£m)	Final determination on total ODI payments to be applied to customer bills in 2024-25 (£m)
Water resources	0.043	0.000	0.043
Water network plus	-2.838	0.004	-2.834
Residential retail	0.218	0.000	0.218
<b>Total</b>	<b>-2.577</b>	<b>0.004</b>	<b>-2.573</b>

**Table 2.6: Final determination on adjustment to 2024-25 price controls as a result of performance against ODIs**

This table sets out our final determination on the ODI payments to be applied to price controls in the 2024-25 charging year after accounting for:

- the in-period ODI payments for each company based on their performance in 2022-23;
- our final determination on these payments after any interventions;
- bespoke adjustments, including prior year restatements, where relevant; and
- our final determination on C-MeX and D-MeX payments.

For further details, see section 1.

This final determination on the ODI payments to be applied for South West Water for its Bristol area is also set out in the in-period adjustments model published on our website.

Final determination of South West Water's in-period outcome delivery incentives for 2022-23

Price control	Company's reported ODI payments (£m)	Ofwat FD ODI payments (£m)	ODI payments deferred from 2021-22 (£m)	Ofwat FD deferrals (£m)	Ofwat FD abatements (£m)	Bespoke FD adjustments (£m)	C-MeX FD payments (£m)	D-MeX FD payments (£m)	Final determination on total ODI payments to be applied to customer bills in 2024-25 (£m)
Water resources	0.043	0.043	0.000	0.000	0.000	0.000	0.000	0.000	0.043
Water network plus	-2.977	-2.973	0.000	0.000	0.000	0.000	0.000	0.139	-2.834
Residential retail	0.004	0.004	0.000	0.000	0.000	0.000	0.214	0.000	0.218
<b>Total</b>	<b>-2.929</b>	<b>-2.926</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.214</b>	<b>0.139</b>	<b>-2.573</b>

**Table 2.7: Breakdown of bespoke adjustments**

This table provides a breakdown of the bespoke adjustments included in our final determinations.

Price control	Prior year restatements (£m)	Time value of money adjustment on prior year total (£m)	Green economic recovery (£m)	Total bespoke adjustments to be applied to customer bills in 2024-25 (£m)
Water resources	0.000	0.000	0.000	0.000
Water network plus	0.000	0.000	0.000	0.000
Residential retail	0.000	0.000	0.000	0.000
<b>Total</b>	0.000	0.000	0.000	0.000

**Table 2.8: Changes to price controls (final determinations)**

This table sets out the impact of our final determination on the company's price controls, as set out in the in-period adjustments model published on our website. See [Sector overview: Final determinations of in-period outcome delivery incentives for 2022-23](#) for how we apply adjustments for tax and inflation.

Price control		2021-22	2022-23	2023-24	2024-25
<b>Water resources (K factors)</b>	Previous determination	0.57	10.77	9.68	9.63
	Revised	0.57	10.77	8.21	9.92
<b>Water network plus (K factors)</b>	Previous determination	2.24	1.31	7.11	3.32
	Revised	2.24	1.31	6.01	-1.01
<b>Residential retail (total revenue, TRt – £m, nominal prices)</b>	Previous determination	11.122	11.618	12.166	11.790
	Revised	11.122	11.618	12.156	12.151

We have based South West Water's final determination for its Bristol area on the data and commentary provided to us by South West Water. Should any of this information be revised or restated, we may take account of this, and previous price control adjustments relating to company performance, when making future determinations.

**Ofwat (The Water Services Regulation Authority)  
is a non-ministerial government department.  
We regulate the water sector in England and Wales.**

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