

December 2019

PR19 final determinations

**South West Water – Outcomes performance
commitment appendix**

PR19 final determinations: South West Water - Outcomes performance commitment appendix

This appendix sets out in detail the performance commitments and outcome delivery incentives we are putting in place for South West 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 West Water should provide to its customers on its outcomes and performance commitments.

This 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 information 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 information 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 changes are required, to follow our procedures for changes.
- Companies should commit that their outcome delivery incentive payments will only relate to real performance changes and not definitional, methodological or data changes in the performance commitment.

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

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

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

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

1.1 Common performance commitments

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

A number of companies receive enhanced outcome delivery incentives for certain common PCs. In the PR19 methodology (Appendix 2, p.85) we state: “Companies proposing enhanced outperformance and underperformance payments should explain in their business plans how they will share the knowledge behind their success with companies across the sector by the end of the 2020-25 price review period or soon after. Receiving the enhanced outperformance payments will depend on whether the company has a credible plan for sharing its approach with the sector.” This is an important aspect of the framework for enhanced outcome delivery incentives and we expect companies earning them to share learning on what has worked and what has not, consistent with the knowledge-sharing plans set out in their business plan. We also expect companies to assess the success of their knowledge-sharing and be able to provide evidence of this to Ofwat, and we will take account of this when we make in-period and end-of-period outcome delivery incentive determinations.

1.1.1 Water quality compliance (CRI)

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC A1
Detailed definition of performance measure:	The definition for this performance commitment is set by the Drinking Water Inspectorate (DWI) in collaboration with the industry: This is published as <i>DWI Compliance Risk Index (CRI)</i> , August 2018 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. This performance commitment does not apply to the Isles of Scilly until 2025
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

Unique Reference	PR19SWB_PC A1
Price control allocation	100% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 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
Standard underperformance collar	number		9.50	9.50	9.50	9.50	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
Standard outperformance cap	number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.370
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	PR19SWB_PC A2
Detailed definition of performance measure	Reducing interruptions to water supply is defined in the reporting guidance for PR19 – Supply Interruptions, published on the 27 March 2018: https://www.ofwat.gov.uk/publication/reporting-guidance-supply-interruptions/ 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: $((\text{Properties with interrupted supply} \geq 180 \text{ mins}) \times \text{Full duration of interruption}) \div \text{Total number of properties supplied (year end)} = \text{average number of minutes lost per customer}$ Properties supplied: properties shall include billed mains pressure fed household and non-household properties connected to the company's water supply network.

Unique Reference	PR19SWB_PC A2
	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). 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		NA	NA	NA	NA	NA
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		NA	NA	NA	NA	NA
Enhanced outperformance cap	HH:MM:SS		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.461
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.092
Outperformance payment - enhanced	NA

1.1.3 Leakage

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC 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. 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

Unique Reference	PR19SWB_PC C2
	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 MI/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 (MI/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 (MI/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	3.0	6.0	9.0	12.0	15.0
Enhanced underperformance collar – percentage reduction	%		-59.4	-59.4	-59.4	-59.4	-59.4
Standard underperformance collar – percentage reduction	%		-30.6	-30.6	-30.6	-30.6	-30.6
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		32.6	33.3	36.1	39.2	42.3
Enhanced outperformance cap – percentage reduction	%		0.0	0.0	0.0	0.0	0.0

Incentive rates

Incentive type	Incentive rate (£m/MI/d/year)
Underperformance payment - standard	-0.615
Underperformance payment - enhanced	-1.231
Outperformance payment - standard	0.370
Outperformance payment - enhanced	0.740

1.1.4 Per capita consumption

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC 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. Outcome delivery incentives will be applied on a litres per person per day basis. The performance commitment levels

Unique Reference	PR19SWB_PC C3
	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	RCV
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	1.1	2.3	3.6	5.0	6.2
Enhanced underperformance collar – percentage reduction	%		NA	NA	NA	NA	NA
Standard underperformance collar – percentage reduction	%		-5.0	-3.5	-2.8	-1.3	0.1
Underperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Outperformance deadband – percentage reduction	%		NA	NA	NA	NA	NA
Standard outperformance cap – percentage reduction	%		7.4	8.6	9.9	11.3	12.5
Enhanced outperformance cap – percentage reduction	%		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£m/litres/person/day)
Underperformance payment - standard	-0.279
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.256
Outperformance payment - enhanced	NA

1.1.5 Mains repairs

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC A3
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 contact (made using any communication channel) informing the company of a leak.

Unique Reference	PR19SWB_PC A3
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	152.3	147.0	141.8	136.6	131.6
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 (£ million/unit)
Underperformance payment - standard	-0.095
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.006
Outperformance payment - enhanced	NA

1.1.6 Unplanned outage

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC A4
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 (MI/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) (MI/d), the unplanned outage (MI/d) and planned outage (MI/d) in its commentary. The company should also provide a summary of data quality and compliance in accordance with the reporting requirements.
Measurement unit and decimal places	Percentage of peak week production capacity, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payment

Unique Reference	PR19SWB_PC A4
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	2.34	2.34	2.34	2.34	2.34
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		2.98	2.98	2.98	2.98	2.98
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 (£ million/unit)
Underperformance payment - standard	-1.580
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.7 Risk of severe restrictions in a drought

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC D1
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 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	NA

Unique Reference	PR19SWB_PC D1
and outperformance payments	
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.8 Priority services for customers in vulnerable circumstances

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E6
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:

Unique Reference	PR19SWB_PC E6
	$PSR\ Reach = \left(\frac{PSR\ [households]}{Total\ households} \right) \times 100$ $Attempted\ contacts = \left(\frac{Number\ of\ attempted\ contacts}{PSR\ [households]} \right) \times 100$ $Actual\ contacts = \left(\frac{Number\ of\ actual\ contacts}{PSR\ [households]} \right) \times 100$ PSR [households] – Number of households on the PSR (recorded on 31 March) 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. PSR data checking: percentage of applicable households, reported to one decimal place.
Measurement timing	Reporting year

Unique Reference	PR19SWB_PC E6
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

		Initial level	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level: Reach	%	NA	2.5	3.0	3.5	5.0	7.0
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.9 Internal sewer flooding

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B1
Detailed definition of performance measure	The internal sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, published on the 28 April 2018 https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/ The measure is calculated as the number of internal sewer flooding incidents normalised per 10,000 sewer connections including sewer flooding due to severe weather events. Companies might also want to present their performance commitments in absolute numbers to make it easier for customers and stakeholders to understand. The definitive service levels are those expressed as the values normalised per 10,000 sewer connections.
Additional detail on measurement units	Internal flooding: is defined as flooding which enters a building or passes below a suspended floor. Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC). Number of incidents: is defined as the number of properties flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of

Unique Reference	PR19SWB_PC B1
	Private Sewers Regulations 2011 and pumping stations transferred in 2016. Severe weather: is defined as individual rainfall events with a storm return period greater than 1 in 20 years. Flooding incidents caused by severe weather should be included in this measure. Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length. The absolute number of incidents is divided by the total number of the company's sewer connections and multiplied by 10,000 to derive the normalised value.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	This measure will be reported as both the absolute number of internal sewer flooding incidents and a normalised value of internal flooding incidents per 10,000 sewer connections. Any changes to the number of sewer connections that will have a material impact on the performance of this measure should be highlighted in the report commentary.
Measurement unit and decimal places	Number of incidents per 10,000 sewer connections reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	number	NA	1.68	1.63	1.58	1.44	1.34
Enhanced underperformance collar	number		8.47	8.47	8.47	8.47	8.47
Standard underperformance collar	number		2.56	2.56	2.56	2.56	2.56
Underperformance deadband	number		NA	NA	NA	NA	NA
Outperformance deadband	number		NA	NA	NA	NA	NA
Standard outperformance cap	number		0.93	0.90	0.87	0.80	0.74
Enhanced outperformance cap	number		0.00	0.00	0.00	0.00	0.00

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-9.512
Underperformance payment - enhanced	-19.024
Outperformance payment - standard	3.520
Outperformance payment - enhanced	7.040

1.1.10 Pollution incidents

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC F1
Detailed definition of performance measure	Pollution Incidents is defined in the following guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency. https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAMethodology_v3-Nov-2017-Final.pdf The total number of pollution incidents (categories 1 to 3) per 10,000km of sewer length for which the company is responsible in a calendar year.
Additional detail on measurement units	As defined in the reporting guidance
Specific exclusions	As defined in the reporting guidance This performance commitment does not apply to the Isles of Scilly until 2025.
Reporting and assurance	This measure will be reported as both the absolute number of pollution incidents and a normalised value of pollution incidents per 10,000km of sewer. Any changes to the length of the wastewater network that will have a material impact on the performance of this measure should be highlighted in the report commentary.
Measurement unit and decimal places	Number of pollution incidents per 10,000 km of the wastewater network reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19SWB_PC F1
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	NA
Links to relevant external documents	https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	number	NA	24.51	23.74	23.00	22.40	19.50
Enhanced underperformance collar	number		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 (£ million/unit)
Underperformance payment - standard	-0.115
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.11 Risk of sewer flooding in a storm

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC D2
Detailed definition of performance measure	The performance commitment risk of sewer flooding in a storm is defined in the reporting guidance – risk of sewer flooding in a storm, published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-risk-of-sewer-flooding-in-a-storm/ This measure will record the percentage of the region's population at risk from internal hydraulic flooding from a 1 in 50-year storm, based on modelled predictions.
Additional detail on measurement units	See guidance document for full details of the calculation and measurements units.
Specific exclusions	As defined in the guidance.
Reporting and assurance	As defined in the guidance.
Measurement unit and decimal places	Percentage of population at risk, reported to two decimal places.
Measurement timing	Reporting year

Unique Reference	PR19SWB_PC D2
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	30.54	29.39	28.23	27.08	25.92
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.12 Sewer collapses

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B3
Detailed definition of performance measure	Sewer collapses is defined in the reporting guidance - sewer collapses per 1000km (updated), published on 4 April 2019: https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-collapses-per-1000km/ Number of sewer collapses per 1000 kilometres of all sewers causing an impact on service to customers or the environment
Additional detail on measurement units	Sewer collapse: A sewer collapse is considered to be where a structural failure has occurred to the pipe that results in a service impact to a customer or the environment and where action is taken to replace or repair the pipe to reinstate normal service. The measure intentionally does not refer to the magnitude of the collapse. The measure includes rising mains. Collapses on the entire network are to be reported. Sewer length: Include the length of the entire network, including sewers that transferred to their responsibility under the Transfer of Public Sewers Regs 2011. The company should separately record the length of transferred sewers, the calculation of this measure should be based on the latest measurements of the length.
Specific exclusions	As defined in the guidance.

Unique Reference	PR19SWB_PC B3
Reporting and assurance	The company is also required to report the number of occasions where a failure has occurred to the pipe that results in either any contact with the company (i.e. an impact on service has caused someone to contact the company) or any unplanned escape of wastewater and results in spot repairs or relining.
Measurement unit and decimal places	Number of collapses per 1000km of sewer network, reported to two decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	number	NA	17.06	16.27	15.54	14.76	13.99
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 (£ million/unit)
Underperformance payment - standard	-0.195
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.040
Outperformance payment - enhanced	NA

1.1.13 Treatment works compliance

Purpose: This performance commitment is designed to incentivise the company to appropriately maintain and improve the asset health of the non-infrastructure or above-ground 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	PR19SWB_PC B6
Detailed definition of performance measure	Treatment works compliance is defined in the reporting guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency. https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf The discharge permit compliance metric is reported as the number of failing sites (as a percentage of the total number of discharges) and not the number of failing discharges.
Additional detail on measurement units	A discharge can be confirmed as failing for a number of breaches of a numeric permit at wastewater treatment works and water treatment works, these are set out in the Environment Agency guidance.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage compliance, reported to two decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period

Unique Reference	PR19SWB_PC B6
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020, whereas 2024-25 assessment will be based on the calendar year 2024.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

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

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.365
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.1.14 C-MeX

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E1
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: $C-MeX\ score = 50\% * CS-CSAT + 50\% * CE-CSAT$ 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	PR19SWB_PC E1
	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: <i>if score > median :</i> $(score - median) * (6\% / (maximum - median))$ <i>if score < median :</i> $(score - median) * (12\% / (median - minimum))$ <i>if score = median :</i> 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	PR19SWB_PC E1
	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: $C-MeX\ ASUQ = C-MeX\ Mean + (UKCSI\ ASUQ - UKCSI\ Mean) / UKCSI\ SD * C-MeX\ SD$ 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	PR19SWB_PC E1
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

1.1.15 D-MeX

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E4
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. The set of Water UK performance metrics which are used to calculate the quantitative component of the company's D-MeX score, in place at the time of PR19 final determinations publication, are set out in annex 2 of 'PR19 final determinations: Customer measure of experience (C-MeX) and developer services measure of experience (D-MeX) policy appendix'. 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.
Additional detail on measurement units	The company's D-MeX score is calculated using the following formula: $D-MeX\ score = 50\% * Qual + 50\% * Quant$ where:

Unique Reference	PR19SWB_PC E4
	• ‘Qual’ is a simple average of satisfaction scores given by developer customers surveyed in the developer customer satisfaction survey in the reporting year; and • ‘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: <i>if score > median :</i> $(score - median) * (6\% / (maximum - median))$ <i>if score < median :</i> $(score - median) * (12\% / (median - minimum))$ <i>if score = median :</i> 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.

Unique Reference	PR19SWB_PC E4
	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
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.

Unique Reference	PR19SWB_PC E4
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://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 Taste, smell and colour contacts

Purpose: This performance commitment incentivises the company 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 customer contacts it receives in relation to the appearance of drinking water.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC A5
Detailed definition of performance measure	The customer contact classification guidance is defined by the Drinking Water Inspectorate (DWI) in <i>Information Letter 1/2006</i>, 6 January 2006, at https://www.ofwat.gov.uk/publication/dwi-letter-customer-contacts-about-water-quality-appearance/ Consumers contact a water company for various water quality reasons. Only consumer contacts that are about appearance and taste and odour will be included in this measure.
Additional detail on measurement units	The number of times the company is contacted 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 discoloured water (brown/black/orange/white-air/ white-chalk) plus all taste/odour contacts multiplied by 1,000 divided by the resident population.
Specific exclusions	See the guidance above for a full list of exclusions. This performance commitment does not apply to the Isles of Scilly until 2025.
Reporting and assurance	The company is also required to report consumer contacts separately for appearance as well as taste and odour for the Discover Water website.
Measurement unit and decimal places	Number of customer 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

Unique Reference	PR19SWB_PC A5
Price control allocation	100% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	1.68	1.59	1.51	1.42	1.33
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 (£ million/unit)
Underperformance payment - standard	-0.511
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.373
Outperformance payment - enhanced	NA

1.2.2 Water restrictions placed on customers

Purpose: The purpose of this performance commitment is to incentivise the company to avoid drought-related restrictions on water use by customers in line with its statutory drought plan.

Benefits: The benefit of this performance commitment is to minimise customer restrictions on water use.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC C1
Detailed definition of performance measure	This performance commitment measures the number of drought restrictions that the company puts in place for each year of the period 2020-25. The definition of water restrictions include: 1. Temporary bans on water use as provided for in Section 76 of the Water Industry Act 1991, as amended by Section 36 of the Flood and Water Management Act 2010 and detailed in The Water Use (Temporary Bans) Order 2010. The terms ‘temporary bans on water use’, and ‘temporary use ban’ replace the old reference to hosepipe bans; 2. Ordinary drought orders, as provided for in Sections 73 to 81 and Schedules 8 and 9 of the Water Resources Act 1991 and detailed in the Drought Direction 2011; and 3. Emergency Drought Orders as defined in the Water Resources Act 1991.
Additional detail on measurement units	One restriction shall be defined as the company implementing water restrictions during a discrete drought event. Only one unit will be counted for each drought event, so if the company implements different types of restrictions or implements restrictions in other zones at a later date during the same drought event it will still count as one unit for the whole event. Although unlikely it is possible for more than one unit to be accrued in any one year, for example if a drought ends as defined by the water company’s drought plan or the company declares the drought has ended and then needs to move back into drought and reapply restrictions this would count as another unit.
Specific exclusions	The area considered by this measure includes all of the company’s supply area with the exception of the Isles of Scilly.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of restrictions to zero decimal places

Unique Reference	PR19SWB_PC C1
Measurement timing	Reporting year
Incentive form	RCV
Incentive type	Underperformance payment
Timing of underperformance and outperformance payments	End of period
Price control allocation	10% water resources 90% 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	0	0	0	0	0
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 (£ million/unit)
Underperformance payment - standard	-0.176
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.3 External sewer flooding incidents

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

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B2
Detailed definition of performance measure	The external sewer flooding measure is defined in the reporting guidance for PR19 – Sewer Flooding, updated on 28 April 2018 https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/ The performance commitment will be reported as the absolute number of the company's external sewer flooding incidents per year including incidents caused by severe weather.
Additional detail on measurement units	External flooding: is defined as flooding within the curtilage of a building normally used for residential, public, community and business purposes. Flooding event: is defined as the escape of water from a sewerage system, irrespective of size as evidenced by standing water, running water or visible deposits of silt or sewage solids. It includes flooding due to overloaded sewers (hydraulic flooding) and due to other causes (FOC). Number of incidents: is defined as the number of curtilages flooded during each flooding event from a public sewer including incidents on sewers transferred under the Transfer of Private Sewers Regulations 2011 and pumping stations transferred in 2016. Severe weather: is defined as individual rainfall events with a storm return period greater than 1-in-20 years. Flooding incidents caused by severe weather should be included in this measure See guidance for full definition
Specific exclusions	Are as defined in the reporting guidance.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of incidents to zero decimal places.
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19SWB_PC B2
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	1,665	1,530	1,395	1,260	1,123
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		2,048	1,882	1,716	1,550	1,381
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		915	835	809	703	545
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.010
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.006
Outperformance payment - enhanced	NA

1.2.4 Sewer blockages

Purpose: The purpose of this performance commitment is to incentivise the company to reduce the number of sewer blockages, which is a significant contributing factor to sewer flooding.

Benefits: The benefit of this measure is a reduced number of sewer blockages and sewer flooding incidents affecting customers.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B4
Detailed definition of performance measure	The total number of sewer blockages on the company's sewer network (including sewers transferred in 2011) reported on a reporting year basis. A blockage is an obstruction in a sewer which causes a reportable problem (not caused by hydraulic overload), such as flooding or discharge to a watercourse, unusable sanitation, surcharged sewers or odour. The full definition can be found in the sewer blockages reporting guidance published 11 December 2017: https://www.ofwat.gov.uk/publication/sewer-blockages/
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of sewer blockages to zero decimal places

Unique Reference	PR19SWB_PC B4
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	Any outperformance and underperformance payments will be applied on an annual 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	Number	NA	7,540	7,280	7,020	6,760	6,500
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		8,542	8,282	8,022	7,762	7,502
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		6,040	5,780	5,520	5,260	5,000
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/blockage)
Underperformance payment - standard	-0.0016
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0010
Outperformance payment - enhanced	NA

1.2.5 Odour contacts from wastewater treatment works

Purpose: The purpose of this performance commitment is to incentivise the company to manage treatment processes at its wastewater treatment works in such a way as to limit odours that are unpleasant to customers.

Benefits: The benefit of this performance commitment is a reduction in negative impact on people in houses and properties surrounding wastewater treatment works resulting from unpleasant odours released from the works.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B5
Detailed definition of performance measure	The total number of contacts from customers about odour from the company's wastewater treatment works measured on a reporting year basis.
Additional detail on measurement units	None
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of contacts 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% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	230	220	210	200	196
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 (£ million/unit)
Underperformance payment - standard	-0.008
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.005
Outperformance payment - enhanced	NA

1.2.6 Descriptive compliance

Purpose: The purpose of this performance commitment is to incentivise the company to manage its wastewater treatment services such that it is fully compliant with the descriptive discharge standards set by the Environment Agency.

Benefits: The benefit of this performance commitment is that pollution to the environment from treated water discharges from sites operating under descriptive discharge consents will be minimised.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B7
Detailed definition of performance measure	The percentage of compliant wastewater treatment works operating under 'descriptive' discharge consent limits as set and assessed by the Environment Agency.
Additional detail on measurement units	The percentage compliant is worked out as 100% less the percentage of sites failing. The percentage of sites failing is calculated by dividing the 'number of sites failing' by the 'number of descriptive assets'.
Specific exclusions	There are no specific exceptions.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage compliance, reported to 1 decimal place.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.

Unique Reference	PR19SWB_PC B7
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	100.0	100.0	100.0	100.0	100.0
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		99.0	99.0	99.0	99.0	99.0
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 (£ million/unit)
Underperformance payment - standard	-0.278
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.7 Total wastewater treatment works (WWTW) compliance

Purpose: The purpose of this performance commitment is to incentivise the company to manage its wastewater treatment services such that it is fully compliant with the numeric and descriptive discharge standards set by the Environment Agency.

Benefits: The benefit of this performance commitment is that pollution to the environment from treated water discharges from sites operating under numeric and descriptive discharge consents will be minimised.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B8
Detailed definition of performance measure	Sewage treatment works are a mix of larger sites with regulatory sampling, covered by numeric consent standards and smaller sites covered by descriptive consents. This performance commitment averages PR19SWB_PC B6 Numeric Compliance and PR19SWB_PC B7 Descriptive Compliance into a single non-financial measure to measure overall percentage treatment works compliance.
Additional detail on measurement units	The total wastewater treatment works percentage compliance is calculated as the sum of PR19SWB_PC B6 Numeric Compliance and PR19SWB_PC B7 Descriptive Compliance, divided by two.
Specific exclusions	There are no specific exclusions.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage compliance, reported to 1 decimal place.
Measurement timing	Calendar year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.

Unique Reference	PR19SWB_PC B8
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	100.0	100.0	100.0	100.0	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
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.8 Compliance with sludge standard

Purpose: The purpose of this performance commitment is to ensure that the company is operating in compliance with its obligations regarding sludge use and disposal.

Benefits: The benefit of this performance commitment is to minimise negative environmental and public health impacts from the beneficial reuse of sewage sludge to agricultural land or the disposal of sewage sludge through any other outlet.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC B9
Detailed definition of performance measure	The overall percentage of company sludge satisfactorily used or disposed of in line with version 3 of the Environment Agency's Water and Sewerage Company Environmental Performance Assessment (EPA) methodology (published November 2017), which includes compliance with certain environmental laws and industry agreements in effect at the date of final determination, including: • the Sludge (Use in Agriculture) Regulations 1989; • Environmental Permitting (England and Wales) Regulations 2010; and • Water company voluntary compliance with the Safe Sludge Matrix. The full methodology can be found here: https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf
Additional detail on measurement units	Reporting is on the basis of tonnes dry solids (tds) disposed to agricultural land in a compliant manner as a percent of total raw tds production. Calculation = $1 - \frac{\text{unsatisfactory use or disposal tds utilised}}{\text{total raw tds production}}$ The measurement includes all sludge that the company produces in its wastewater treatment process that it treats. It also includes all sludge traded; both imports and exports. The company will ensure that: • sludge imported from 3rd parties meets the same disposal standards as sludge it produces and disposes of. • sludge exported to third parties will be contractually assured to meet the company's own internal standards,

Unique Reference	PR19SWB_PC B9
	and the Environment Agency's EPA requirements before being exported.
Specific exclusions	Exemptions are in line with the current EPA definition 'Environment Agency Environmental Performance Assessment (EPA) Methodology (version 3)' dated November 2017. In this version of the EPA (v3) the following exemptions are included: • solids added during the sludge treatment process, e.g. lime added during the treatment process; • grit and screenings and water treatment sludge; and • treatment related breaches that do not result in non-compliant sludges or residual products going to any outlets. Incineration is considered an 'outlet' for these purposes rather than a treatment.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage compliance 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% Bioresources
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	%	NA	100.00	100.00	100.00	100.00	100.00
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		99.94	99.94	99.94	99.94	99.94
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 (£ million/unit)
Underperformance payment - standard	-0.080
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.9 Resilience in the round - wastewater

Purpose: The measure is designed to ensure that resilience action plans are put in place at wastewater treatment works to help protect sites from flooding and recover treatment process as quickly as possible following a flood event.

Benefits: The benefit of this performance commitment is that through the development and implementation of resilience action plans the impact of environmental and economic damage due to flood events at wastewater treatment works will be mitigated.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC D3
Detailed definition of performance measure	The measure relates to the ability to protect and quickly recover treatment processes at wastewater treatment works in the case of extreme weather events. It is measured as the number of resilience action plans put in place for wastewater treatment works. Resilience action plans will be developed for key wastewater treatment works and assets, which are defined as those most at risk of flooding according to Environment Agency flood risk maps. These are sites within the 1:1000 extreme flood outline, as published by the Environment Agency.
Additional detail on measurement units	The key assets for which resilience plans will be developed have been agreed with the Environment Agency and this should be evidenced. Resilience action plans will include: • resilience measures to reduce the risk of flooding of assets through direct protection measures and/or delivery of Drainage and Wastewater Management Plans; • operational plans and/or asset interventions to enable recovery of treatment processes as quickly as possible after extreme weather events; and • information on the right stock of equipment to store and deploy rapidly following any flooding to ensure the company can bring the site online quickly, through rapid replacement of mechanical and electrical equipment and restarting the biological processes. Plans will be a continual learning process and be reviewed and updated following flood events or when new information is made available by the Environment Agency or Risk Management Authorities.
Specific exclusions	None

Unique Reference	PR19SWB_PC D3
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of resilience action plans at wastewater treatment works 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% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	20	40	60	80	100
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 (£ million/unit)
Underperformance payment - standard	-0.00334
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00196
Outperformance payment - enhanced	NA

1.2.10 Resilience in the round - water

Purpose: The purpose of this measure is to incentivise the company to reduce the number of customers (properties) that experience an unplanned loss of supply of greater than 12 hours.

Benefits: The benefit of this performance commitment is that it will help reduce disruption to, and financial impact on, customers from extended supply interruptions.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC D4
Detailed definition of performance measure	The number of properties affected by unplanned interruption to supply of greater than 12 hours duration.
Additional detail on measurement units	The number of customers (properties) who experience continuous unplanned loss of mains water supply to their property for durations greater than 12 hours. This can be due to flooding, or other events such as third-party damage, freeze and thaw conditions, catastrophic asset failure, lightning storms, etc. This measure captures all hazards that can impact on water supplies. A loss of supply will be considered unplanned if the water company did not give the affected customers a 48 hours' notice of a planned interruption. Properties affected by repeat unplanned interruptions on the same day will only be counted separately where there is a minimum of one hour between the interruptions. When shorter gaps occur, the duration is counted from the start of the first interruption until the last restoration of supply.
Specific exclusions:	The company may make a representation to Ofwat for unplanned interruptions at properties to be excluded on the basis of a civil emergency under the Civil Contingencies Act 2004, where a supply interruption is not the cause of the emergency.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of properties experiencing a supply interruption of 12 hours or more to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments

Unique Reference	PR19SWB_PC D4
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	767	673	641	552	540
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 (£ million/unit)
Underperformance payment - standard	-0.0015
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0012
Outperformance payment - enhanced	NA

1.2.11 Operational contacts resolved first time - water

Purpose: This performance commitment is designed to incentivise the company to resolve water operational contacts first time without customers needing to contact the company a second time for the same issue.

Benefits: The benefit of this performance commitment will be that customer-facing water operational issues will be dealt with efficiently and at the first time of asking.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E2
Detailed definition of performance measure	The percentage of wholesale water operational customer contacts that are resolved first time. Calculated as 100% minus the number of wholesale water operational contacts which the audited South West Water system and process records as a repeat contact from the same customer on the same issue as a proportion of all wholesale water operational contacts.
Additional detail on measurement units	The operational contacts included within this performance commitment encompass all written and telephone contacts received by the company.
Specific exclusion	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage of wholesale water operational customer contacts that are resolved first time, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Outperformance and underperformance payments

Unique Reference	PR19SWB_PC E2
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	This performance commitment is a continuation of a performance commitment during the 2015-20 period.
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	95.0	95.0	95.0	95.0	95.0
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 (£ million/unit)
Underperformance payment - standard	-0.0399
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0252
Outperformance payment - enhanced	NA

1.2.12 Operational contacts resolved first time - wastewater

Purpose: This performance commitment is designed to incentivise the company to resolve wastewater operational contacts first time without customers needing to contact the company a second time for the same issue.

Benefits: The benefit of this performance commitment will be that customer-facing wastewater operational issues will be dealt with efficiently and at the first time of asking.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E3
Detailed definition of performance measure	The percentage of wholesale wastewater operational customer contacts that are resolved first time. Calculated as 100% minus the number of wholesale wastewater operational contacts which the audited South West Water system and process records as a repeat contact from the same customer on the same issue as a proportion of all wholesale wastewater operational contacts.
Additional detail on measurement units	The operational contacts included within this performance commitment encompass all written and telephone contacts received by the company.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage of wholesale wastewater operational customer contacts that are resolved first time, reported to one decimal place.
Measurement timing	Reporting year
Incentive form	Revenue

Unique Reference	PR19SWB_PC E3
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual
Any other relevant information	This performance commitment is a continuation of a performance commitment applied during the 2015-20 period.
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	95.0	95.0	95.0	95.0	95.0
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 (£ million/unit)
Underperformance payment - standard	-0.0173
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.0089
Outperformance payment - enhanced	NA

1.2.13 Customer satisfaction with value for money

Purpose: The purpose of this performance commitment is to incentivise the company to deliver a water and wastewater service that represents value for money for residential customers.

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E5
Detailed definition of performance measure	The percentage of household customers satisfied, very satisfied or extremely satisfied with the value for money of South West Water's services in the reporting year, as measured through the company's customer satisfaction tracking survey.
Additional detail on measurement units	This performance commitment is measured independently through the company's long-term customer satisfaction tracking survey. The survey will be delivered through a combination of computer-assisted telephone interviewing (CATI), online and face-to-face. The balance between delivery methods will be reviewed annually. The survey will be conducted by independent third party market researchers and in compliance with the Market Research Society Code of Conduct. Research quotas are set to ensure that samples are representative of the population by an external market researcher based on Census data. The total sample size across the year will be 1200 (900 in the South West Water region and 300 in the Bournemouth Water region) with quotas set for age, gender, socio-economic group and location. To ensure continuity of results to allow comparison across the period the question asked in the survey will remain in the same format, with the respondents being asked to provide a score on a seven point scale reflecting how satisfied they are

Unique Reference	PR19SWB_PC E5
	with the value for money of the services they receive. Seven is Extremely Satisfied and one is Extremely Dissatisfied. Data is provided quarterly, and this performance commitment is the average of responses over the reporting year.
Specific exclusions	None
Reporting and assurance	The company is required to put in place external audit on an annual basis.
Measurement unit and decimal places	Percentage of household customers, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	%	NA	70	71	73	74	75
Enhanced underperformance collar	%		NA	NA	NA	NA	NA
Standard underperformance collar	%		NA	NA	NA	NA	NA
Underperformance deadband	%		NA	NA	NA	NA	NA
Outperformance deadband	%		NA	NA	NA	NA	NA
Standard outperformance cap	%		NA	NA	NA	NA	NA
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.14 British Standard for Inclusive Service Provision

Purpose: This measure commits South West Water to provide support for customers in vulnerable circumstances in line with the British Standards Institution (BSI) inclusive service provision.

Benefits: The performance commitment will help ensure that the company provides a fair, flexible service that can be used by all customers equally, regardless of their health, age or personal circumstances.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E7
Detailed definition of performance measure	This measure assesses the quality of the Priority Services scheme via the British Standard for Inclusive Service Provision certification BS 18477. To meet its targets for this performance commitment the company must achieve the BS 18477 standard in 2020-21 and maintain the standard thereafter. South West Water meets this performance commitment if it has in place on the 31 March of the assessment year a BSI certification for standard BS 18477. If certification from BSI is not in place on 31 March of the reporting year, the performance commitment is reported as not achieved or not maintained (depending on prior year performance). The performance commitment applies each year, and demonstration that the certification is in place must be tested and reported each year. BS 18477 certification is awarded by BSI Group (also known as the British Standards Institution). In the event that BSI Group cease providing certification for BS 18477 during the period 2020-25 the company should adopt any standard designed to directly succeed the existing standard. If one is not available, it will assess whether there exist other appropriate standards that can be used as an alternative independently assessed indicator of the quality of support for customers in vulnerable circumstances.
Additional detail on measurement units	This measure is reported as Achieved/Maintain or Not achieved / Not maintained.
Specific exclusions	None
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Text (achieve/maintain or not achieved/not maintained).
Measurement timing	Reporting year

Unique Reference	PR19SWB_PC E7
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	Text	NA	Achieve	Maintain	Maintain	Maintain	Maintain
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.15 Overall satisfaction of services received on the PSR

Purpose: To ensure that the company's customers that are registered for the Priority Services Register (PSR) are satisfied with the services they receive through the PSR.

Benefits: This performance commitment will help ensure that customers in vulnerable circumstances are satisfied with the services they receive from the company.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC E8
Detailed definition of performance measure	This performance commitment measures the percentage of customers who receive services through the PSR that are satisfied, very satisfied or extremely satisfied with the services that they receive. Respondents will be asked if they have relied on PSR services, and if so, the last use and frequency of use of the services in general. For those that have used PSR services in the last two years, they will be asked their satisfaction with those services. The survey will have a total sample size of 275 to 325 (225 to 250 in the South West Water region and 50 to 75 in the Bournemouth Water region) and quotas set for age, gender and socio-economic group. The survey will be conducted by independent third party market researchers and in compliance with the Market Research Society Code of Conduct.
Additional detail on measurement units	This PC is calculated through the following formula: $A = B/C$ Where:

Unique Reference	PR19SWB_PC E8
	A: the percentage of customers who receive services through the PSR that are satisfied, very satisfied or extremely satisfied with these services that they receive. B: Number of customers that receive services through the PSR that are satisfied, very satisfied or extremely satisfied with the services received. C: Number of customers that receive services through the PSR.
Specific exclusions	None
Reporting and assurance	The company is required to put in place external audit on an annual basis.
Measurement unit and decimal places	Percentage of customers that receive services through the PSR, reported to zero decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	%	NA	73	78	83	88	93
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.16 Number of pollution incidents cat 1-3 (water only)

Purpose: The purpose of this performance commitment is to incentivise the company to reduce pollution incidents from wholesale water assets.

Benefits: The benefit of this performance commitment is to reduce negative impact of the company's activities on the environment resulting from contaminants flowing into the environment from water pipes and equipment.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC F2
Detailed definition of performance measure	The number of incidents of contaminants flowing into the water environment from water pipes and equipment. These pollution incidents are defined as Category 1 to 3 by the Environment Agency (EA) according to the environmental impact of the incident. Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf
Additional detail on measurement units	None
Specific exclusions	This performance commitment does not apply to the Isles of Scilly until 2025.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of pollution incidents, reported to zero decimal places.
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	100% water network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the

Unique Reference	PR19SWB_PC F2
	calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	0	0	0	0
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 (£ million/unit)
Underperformance payment - standard	-0.062
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.17 Biodiversity - Compliance

Purpose: The purpose of this performance commitment is to incentivise the company to avoid pollution that harms special wildlife conservation areas.

Benefits: Wildlife conservation areas are particularly vulnerable to environmental damage from pollution incidents and this measure will help ensure that the company operates in such a way as to avoid these.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC F3
Detailed definition of performance measure	The number of pollution incidents that occur in special wildlife conservation areas (such as freshwater Natura 2000, Sites Special Scientific Interest (SSSIs), and Country Wildlife Sites (CWS)). The measure only considers category 1 or 2 pollution incidents as defined by the Environment Agency. Incidents and their classification: the Common Incident Classification Scheme (CICS), Ref: 04_01, Issued 23/9/2016 by the Environment Agency https://www.ofwat.gov.uk/wp-content/uploads/2017/12/20171129-Incidents-and-their-classification-the-Common-Incident-Classification-Scheme-CICS-23.09.16.pdf
Additional detail on measurement units	The number of category 1-2 pollution incidents in freshwater Natura 2000, SSSIs and Country Wildlife Sites, reported on a calendar year basis monitored via the NIRS (National Incident Reporting System) with the location of those events recorded using a NGR reference. The performance of the measure will be cross-reference against the NIRS once the data has been reviewed by the Environment Agency and the water company.
Specific exclusions:	This performance commitment does not apply to the Isles of Scilly until 2025.

Unique Reference	PR19SWB_PC F3
	Marine Conservation Zones (MCZs) are excluded as impacts on pollutions incidents on these are not yet well understood.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of category 1 or 2 incidents to zero decimal places.
Measurement timing	Calendar year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	0	0	0	0	0
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.18 Biodiversity - Prevent Deterioration

Purpose: The purpose of this measure is to incentivise the delivery of installations at South West Water sites which are designed to prevent the spread of invasive non-native species (INNS).

Benefits: INNS can cause significant damage to native plants and animals and reduce the overall diversity of a region. The measure will help prevent the spread of INNS with the aim of preserving regional biodiversity.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC F4
Detailed definition of performance measure	This measures the number of installations that have been delivered to prevent or control the spread of invasive non-native species (INNS) at South West Water sites. INNS are any non-native animals or plants that have the ability to spread causing damage to the environment, the economy, our health and the way we live. Alongside the requirements under the Water Industry National Environment Programme (WINEP), the company will agree with the Environment Agency the sites and facilities to be installed at those sites to maximise the effectiveness of the investment.
Additional detail on measurement units	The number of site installations per financial year where the following have been delivered: • Wash down facilities - facilities for installing wash down systems for boating activity, water sports or recreation activity; and • Biosecurity signage - highlighting the procedures to manage the risks associated with the spread of invasive non-native species to water supply security, the impact on flora and fauna and the actions needed to control them. A washdown facility is counted as a specific installation (i.e. if the company installs two washdown facilities at a site, this would counts as two installations). Signage is counted on a site basis (i.e. if ten signs are put in place at one reservoir, this would only count as one installation). An installation is considered to have been achieved when the activity above has been delivered and in service.
Specific exclusions	Any installations not on South West Water sites.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of installations to zero decimal places

Unique Reference	PR19SWB_PC F4
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	Number	NA	21	44	67	90	112
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.19 Biodiversity - Enhancement

Purpose: This performance commitment is designed to incentivise an increase in the area of land under active improved catchment management.

Benefits: Active improved catchment management can protect and improve river quality and critical water abstraction sources to provide clean, safe drinking water without the need to provide additional infrastructure.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC F5
Detailed definition of performance measure	The performance commitment is defined as the hectares of the 'Upstream Thinking' project catchments that are under active improved catchment management as part of 'Upstream Thinking' project interventions. The active improved management area is defined as: • Active plan areas - land within Upstream thinking farm plans which have actions being carried out • Areas of habitat improvement not in farm plans- for example Mires and Culm grassland projects • Other Upstream thinking actions not in farm plans – for example areas of land which have been improved by use of the Upstream thinking sub-soil equipment.
Additional detail on measurement units	'Upstream Thinking' is South West Water's catchment management programme in the major drinking water abstraction catchments of the region. It uses a range of interventions to reduce pollutant load in water sources to improve water quality or to slow water within catchment and thereby increase resilience to both drought and flood events. In doing so it delivers benefits to the environment through: • improved biodiversity - due to land restoration and habitat creation; • reduced carbon emissions - through carbon sequestration and reduced fertilizer use; • climate change mitigation – through slowing water flows and reducing carbon emissions; and • social benefits - through improved farm productivity and in turn income generation.
Specific exclusions:	None.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	As hectares under improved active catchment management to zero decimal places

Unique Reference	PR19SWB_PC F5
Measurement timing	Reporting year
Incentive form	RCV
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	45% water resources 55% water network plus
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	Upstream thinking website: http://www.upstreamthinking.org/

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020- 21	2021- 22	2022- 23	2023- 24	2024- 25
Performance commitment level	Hectare	NA	73,209	83,209	93,209	103,209	113,209
Enhanced underperformance collar	Hectare		NA	NA	NA	NA	NA
Standard underperformance collar	Hectare		69,028	79,028	89,028	99,028	109,028
Underperformance deadband	Hectare		NA	NA	NA	NA	NA
Outperformance deadband	Hectare		NA	NA	NA	NA	NA
Standard outperformance cap	Hectare		82,209	92,209	102,209	112,209	122,209
Enhanced outperformance cap	Hectare		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.00088
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00045
Outperformance payment - enhanced	NA

1.2.20 EPA

Purpose: The purpose of this performance commitment is to incentivise the company to improve its environmental performance assessment (EPA) rating from the Environment Agency.

Benefits: Meeting the criteria for a higher rating in the Environmental Performance Assessment (EPA) will demonstrate that the company is working to improve its environmental performance.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC F6
Detailed definition of performance measure	The Environmental Performance Assessment (EPA) is carried out by the Environment Agency each year and is used to derive a rating to compare companies. It is defined in the following guidance for PR19 – Water & Sewerage Company Environmental Performance Assessment (EPA) Methodology (version 3). Published November 2017 by the Environment Agency. https://www.ofwat.gov.uk/wp-content/uploads/2017/12/WatCoPerfEPAmethodology_v3-Nov-2017-Final.pdf
Additional detail on measurement units	The 2017 edition of the EPA consists of seven metrics, those are: 1. Numeric permit compliance including water treatment works discharge compliance 2. Total pollution incidents (categories 1, 2 and 3) for the sewerage system (normalised) 3. Serious pollution incidents (category 1 & 2) for the sewerage system (normalised) 4. Percentage self reporting of pollution incidents 5. National Environment Programme (NEP) scheme delivery 6. Satisfactory Sludge Use/Disposal 7. Security of Supply Index (SoSI) The star ratings are given out of a total possible score of four stars and are applied to each company after assessment of the seven metrics set out in the definition. Each of the seven metrics are assigned a colour (red, amber or green) based on a set of criteria relating to how well the company has performed. The ratings are based on the following: 4 Star - six or more green metrics and no red metrics 3 Star - three or more green metrics and no red metrics

Unique Reference	PR19SWB_PC F6
	2 Star - one or two red metrics and/or two or less green metrics 1 Star - three or more red metrics
Specific exclusions	Specific exclusions are as defined in the current definition.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Numerical Star rating reported to zero decimal places
Measurement timing	Calendar year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In period
Price control allocation	15% water resources 85% wastewater network plus
Frequency of reporting	Annual, on a calendar year basis. For example, performance assessment for 2020-21 will be based on the calendar year 2020 data, whereas 2024-25 assessment will be based on the calendar year 2024 data.
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	3	3	3	4	4
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 (£ million/unit)
Underperformance payment - standard	-1.000
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.21 Bathing water quality

Purpose: The purpose of this performance commitment is to incentivise the company to improve water quality at the beaches designated for swimming within its region, in line with its Water Industry National Environment Programme (WINEP) commitments.

Benefits: By encouraging the improvement of bathing water quality, this performance commitment will enhance coastal environments, whilst also supporting the continued development of the leisure and tourism industries in the South West region.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC H1
Detailed definition of performance measure	Detailed definition of performance measure This performance commitment will measure the number of beaches at which bathing water quality classification has improved relative to WINEP requirements. The company's WINEP programme obliges it to improve bathing water quality classification at eight additional beaches by 31st March 2025. The company's score against this performance commitment will be based on the following factors: The number of bathing waters meeting or exceeding Environment Agency; requirements identified in the WINEP; The number of bathing waters downgraded during 2020-25 (based on Environment Agency annual classification data) where the cause is solely attributable to South West Water. Pollution Risk Forecasting is part of the Environment Agency classification process; and The number of bathing waters where South West Water are investigating the potential for improved status under the WINEP, and deliver an improvement bathing water classification as a result of improvement actions identified in those investigations (and agreed with the Environment Agency) directly or through partnership activities. This performance commitment will be calculated annually, although any outperformance or underperformance payments accrued as a result of annual performance will only be paid at the end of the 2020-25 period. In each given year, this performance commitment will measure the net number of beaches at which water quality has been improved relative to the WINEP requirement of eight beach improvements. The performance commitment will be calibrated such that a zero score will indicate that eight beach improvements have been delivered as per WINEP requirements. A score above zero will indicate that the company has delivered all of its WINEP-

Unique Reference	PR19SWB_PC H1
	mandated improvements whilst also improving bathing water quality classification at one or more additional beaches.
Additional detail on measurement units	The company must improve bathing water quality at the following eight beaches under the terms of its WINEP programme: • Budleigh Salterton • Salcombe South Sands • Dawlish Town • Goodrington • Par • Plymouth Hoe East • Seaton (Cornwall) • Portmellon
Specific exclusions	Bathing water quality downgrades that are not solely attributable to South West Water, such as agricultural run-off for example, are excluded from the assessment of this performance commitment. Where there is a deterioration in water quality classification, South West Water will present all evidence of culpability, or not, to the independent Watershare Panel. The Panel will assure whether the company is solely culpable in all such instances and whether each bathing water quality downgrade should count towards the measurement of this performance commitment.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Number of beaches at which bathing water quality is improved relative to the requirements set out by 31 st March 2025 in the Water Industry National Environment Programme, reported to zero decimal places.
Measurement timing	Reporting year (1 st April – 31 st March)
Incentive form	RCV
Incentive type	Outperformance and underperformance payments
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% wastewater network plus
Frequency of reporting	Annual

Unique Reference	PR19SWB_PC H1
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	-8	-6	-4	-2	0
Enhanced underperformance collar	Number		NA	NA	NA	NA	NA
Standard underperformance collar	Number		-14	-12	-10	-8	-6
Underperformance deadband	Number		NA	NA	NA	NA	NA
Outperformance deadband	Number		NA	NA	NA	NA	NA
Standard outperformance cap	Number		2	4	6	8	10
Enhanced outperformance cap	Number		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.485
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.276
Outperformance payment - enhanced	NA

1.2.22 Abstraction incentive mechanism

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 avoiding abstracting water from them during lower levels or flows.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC H2
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 one site for the period 2020-25: Otter Valley: This site is a groundwater source in the Otter Valley, East Devon the trigger is 99.8 mAOD measured from Woodbury common #2. The baseline is 7.2 Ml/d and the commitment for the period 2020-25 is to improve performance by reducing abstraction by 1 Ml/d by 2025. 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

Unique Reference	PR19SWB_PC H2
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 are at or below the trigger threshold) * length of period when flows are at or below the trigger threshold. For example, if the AIM baseline was 5 Ml/day and if the company abstracts an average of 4 Ml/day from the abstraction site when river flows are below the trigger threshold. If flows were below the threshold for 100 days then the company has improved its performance relative to the baseline by (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.
Specific exclusions	As defined in the reporting guidance.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Megalitres 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 resources
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	Megalitre	NA	365	365	365	365	365
Enhanced underperformance collar	Megalitre		NA	NA	NA	NA	NA
Standard underperformance collar	Megalitre		NA	NA	NA	NA	NA
Underperformance deadband	Megalitre		NA	NA	NA	NA	NA
Outperformance deadband	Megalitre		NA	NA	NA	NA	NA
Standard outperformance cap	Megalitre		NA	NA	NA	NA	NA
Enhanced outperformance cap	Megalitre		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.00039
Underperformance payment - enhanced	NA
Outperformance payment - standard	0.00021
Outperformance payment - enhanced	NA

1.2.23 Installation of AMR meters

Purpose: This performance commitment measures the number of Automatic Meter Read (AMR) meters installed for households.

Benefits: AMR meters reduce the cost of meter readings and allow for more regular readings to be taking. This improves the quality of data for the customer to better control their use and the company to optimise their actions in response to demand.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC G1
Detailed definition of performance measure	The number of AMR meters installed each year, measured on a reporting year basis. An AMR meter is deemed to have been installed when the meter type has been changed to an AMR type for a property on the company meter asset register.
Additional detail on measurement units	The performance commitment measures the total number of AMR meters installed for: • optant meter installations; • new connection meter installations; and • existing meter replacement installations.
Specific exclusions:	This performance commitment only applies to residential customers' meters and excludes business customers' meters. A meter can only be counted once in the five year period for a property. For example, if a meter then fails within the five years and is replaced, it cannot be recounted towards this performance commitment.
Reporting and assurance:	No specific requirements.
Measurement unit and decimal places	Number to zero decimal places
Measurement timing	Reporting year
Incentive form	NA
Incentive type	Reputational
Timing of underperformance and outperformance payments	NA
Price control allocation	NA

Unique Reference	PR19SWB_PC G1
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	161,332	183,364	204,655	225,705	245,964
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.24 Number of customers on one of our support tariffs

Purpose: The purpose of this performance commitment is to incentivise the company to increase the number of customers, who are struggling to pay their water bill, that receive financial support through one of the company's support tariffs.

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

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC G2
Detailed definition of performance measure	The number of customers receiving financial support, which is measured by the number of customers that receive one of South West Water's support tariffs. The support tariffs are the WaterCare Tariff and the WaterSure Tariff, however if the company introduces additional support tariffs during the period they will also be included for the purposes of this performance commitment. If a customer is in receipt of more than one of South West Water's support tariffs, the company should ensure that such a customer is only included/counted once for the purposes of this performance commitment.
Additional detail on measurement units	NA
Specific exclusions:	None
Reporting and assurance:	The company is required to put in place external audit on an annual basis.
Measurement unit and decimal places	Number of customers, reported to zero decimal places.
Measurement timing	Reporting year

Unique Reference	PR19SWB_PC G2
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	NA
Links to relevant external documents	NA

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	Number	NA	27,000	30,000	33,000	40,000	50,000
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.25 Voids for residential retail

Purpose: The purpose of this performance commitment is to incentivise the company to reduce void properties across the reporting period.

Benefits: Investigating and reducing the number of properties that do not pay for the services they receive will reduce the bills that all customers pay.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC G3
Detailed definition of performance measure	This is the number of household properties classified as void as a percentage of the total number of household properties served by the company. Void properties are defined as chargeable premises which are recorded as vacant with no charges levied.
Additional detail on measurement units	The proportion of void properties will be measured at reporting year end.
Specific exclusions	Excludes non-household properties.
Reporting and assurance	No specific requirements.
Measurement unit and decimal places	Percentage household properties classed as void, reported to two decimal places.
Measurement timing	Reporting year
Incentive form	Reputational
Incentive type	NA
Timing of underperformance and outperformance payments	NA

Unique Reference	PR19SWB_PC G3
Price control allocation	NA
Frequency of reporting	Annual
Any other relevant information	None
Links to relevant external documents	None

Performance commitment levels

		Company forecast	Committed performance level				
	Unit	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Performance commitment level	%	NA	0.91	0.89	0.87	0.85	0.84
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 (£ million/unit)
Underperformance payment - standard	NA
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.26 Percentage of customers who find their water bill affordable

Purpose: The purpose of this performance commitment is to incentivise the company to provide an affordable water and wastewater service for all customers.

Benefits: Achieving this performance commitment will increase the number of customers who can afford to pay their combined water bill. Increasing the number of paying customers helps to lower bills for all customers.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PC G4
Detailed definition of performance measure	The percentage of customers that have an affordable bill, as measured by the ratio of equivalised household income (after housing costs) to combined bill (inclusive of water and wastewater services). Equivalised income is a measure of household income that takes account of the differences in a household's size and composition, and thus is equivalised or made equivalent for all household sizes and composition. Households that spend more than 5% of equivalised household income after housing costs on their combined water and wastewater bill are classified as having an unaffordable bill.
Additional detail on measurement units	The formula for this performance commitment is as follows: $A = 1 - (B / C)$ Where: A: The percentage of customers that have an affordable bill B: The number of households that spend more than 5% of equivalised household income after housing costs on their combined water and wastewater bill. C: The total number of households supplied by the company. The required data is collected through the company's long term tracking research on affordability. The company collects total household income, housing costs, household composition and bill information from its customer base to estimate equivalised

Unique Reference	PR19SWB_PC G4
	income after housing costs. Data from the company's long term tracking research is provided quarterly; this performance commitment averages the responses over the full reporting year. Equivalised household income is calculated following the methodology set out by the Office of National Statistics. This performance commitment measures affordability on the combined bill for those in the South West Water region and the water bill only in the Bournemouth Water region. Water companies are currently engaged in discussions to establish a common definition of water poverty. Once a common definition has been established, we expect the company to notify Ofwat, in accordance with the procedures for changing performance commitments set out in Annex 2, with a view to updating the definition of this performance commitment to align it, as appropriate, with the common definition.
Specific exclusions:	None
Reporting and assurance:	The company is required to put in place external audit on an annual basis.
Measurement unit and decimal places	Percentage of customers, 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	%	NA	89.0	92.8	95.2	97.6	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
Enhanced outperformance cap	%		NA	NA	NA	NA	NA

Incentive rates

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

1.2.27 Efficient delivery of the new Knapp Mill WTW

Purpose: This performance commitment is designed to incentivise efficient delivery of the Knapp Mill water treatment works.

Benefits: Customers will be protected by the company returning expenditure if the Knapp Mill water treatment works project does not proceed or the expected date to put wholesome water into supply is delayed.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PCA6
Detailed definition of performance measure	The company is building a new water treatment works at Knapp Mill. The new water treatment works is programmed to put water into supply by 31 March 2027. In the event that the scheme does not proceed or the expected date to put wholesome water into supply is delayed, the company will return a relevant proportion of allowed costs. The remaining costs will be returned through the cost sharing mechanism.
Additional detail on measurement units	The performance level is calculated as the length of delay expressed as the number of calendar months between 31 March 2027 and the date on which the new water treatment works is expected to start putting wholesome water into supply. If the project does not proceed, the length of delay for the purpose of calculating this performance measure is deemed to be 36 months.
Specific exclusions:	None
Reporting and assurance:	At the next price review the company will submit an independent assurance report that confirms the date on which the new water treatment works is expected to start putting wholesome water into supply.
Measurement unit and decimal places	Months, to zero decimal places
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments based on performance in 2024-25 only.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus

Unique Reference	PR19SWB_PCA6
Frequency of reporting	Annual
Any other relevant information	The amount of underperformance payment is calculated based on the length of delay reported at the end of the 2020-25 period.
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	Months	NA	NA	NA	0	0	0
Enhanced underperformance collar	Months		NA	NA	NA	NA	NA
Standard underperformance collar	Months		NA	NA	NA	NA	NA
Underperformance deadband	Months		NA	NA	NA	NA	NA
Outperformance deadband	Months		NA	NA	NA	NA	NA
Standard outperformance cap	Months		NA	NA	NA	NA	NA
Enhanced outperformance cap	Months		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.519
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.28 Efficient delivery of the new Alderney WTW

Purpose: This performance commitment is designed to incentivise efficient delivery of the Alderney water treatment works.

Benefits: Customers will be protected by the company returning expenditure if the Alderney water treatment works project does not proceed or the expected date to put wholesome water into supply is delayed.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PCA7
Detailed definition of performance measure	The company is building a new water treatment works at Alderney. The new water treatment works is programmed to put water into supply by 31 March 2025. In the event that the scheme does not proceed or the expected date to put water into supply is delayed, the company will return a relevant proportion of allowed costs. The remaining costs will be returned through the cost sharing mechanism.
Additional detail on measurement units	The performance level is calculated as the length of delay expressed as the number of calendar months between 31 March 2025 and the date on which the new water treatment works is expected to start putting wholesome water into supply. If the project does not proceed, the length of delay for the purpose of calculating this performance measure is deemed to be 60 months.
Specific exclusions:	None
Reporting and assurance:	At the next price review the company will submit an independent assurance report that confirms the date on which the new water treatment works is expected to start putting wholesome water into supply.
Measurement unit and decimal places	Months, to zero decimal places

Unique Reference	PR19SWB_PCA7
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments based on performance in 2024-25 only.
Timing of underperformance and outperformance payments	End of period
Price control allocation	100% water network plus
Frequency of reporting	Annual
Any other relevant information	The amount of underperformance payment is calculated based on the length of delay reported at the end of the 2020-25 period.
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	Months	NA	0	0	0	0	0
Enhanced underperformance collar	Months		NA	NA	NA	NA	NA
Standard underperformance collar	Months		NA	NA	NA	NA	NA
Underperformance deadband	Months		NA	NA	NA	NA	NA
Outperformance deadband	Months		NA	NA	NA	NA	NA
Standard outperformance cap	Months		NA	NA	NA	NA	NA
Enhanced outperformance cap	Months		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-0.590
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

1.2.29 Resilient water and wastewater services on the Isles of Scilly

Purpose: This performance commitment is designed to accommodate the uncertainty concerning the timing of the extension to the company's licenced area of appointment to include the Isles of Scilly.

Benefits: If the extension to the company's licenced area of appointment to include the Isles of Scilly is not achieved by 1 April 2020, the company will return cost allowances for any period it is not operating on the Isles of Scilly.

Performance commitment definition and parameters

Unique Reference	PR19SWB_PCD5
Detailed definition of performance measure	The company is appointed and operating on the Isles of Scilly by 1 April 2020. The company's plan includes an improvement programme on the Isles of Scilly, but this is conditional on the application to have its Instrument of Appointment varied to include the Isles of Scilly being accepted.
Additional detail on measurement units	None
Specific exclusions:	None
Reporting and assurance:	No further requirements.
Measurement unit and decimal places	As text, Appointed/Not appointed
Measurement timing	Reporting year
Incentive form	Revenue
Incentive type	Underperformance payments
Timing of underperformance and outperformance payments	In-period
Price control allocation	70% water network plus 30% wastewater 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	Text	NA	Appointed	Appointed	Appointed	Appointed	Appointed
Enhanced underperformance collar	NA		NA	NA	NA	NA	NA
Standard underperformance collar	NA		NA	NA	NA	NA	NA
Underperformance deadband	NA		NA	NA	NA	NA	NA
Outperformance deadband	NA		NA	NA	NA	NA	NA
Standard outperformance cap	NA		NA	NA	NA	NA	NA
Enhanced outperformance cap	NA		NA	NA	NA	NA	NA

Incentive rates

Incentive type	Incentive rate (£ million/unit)
Underperformance payment - standard	-5.14
Underperformance payment - enhanced	NA
Outperformance payment - standard	NA
Outperformance payment - enhanced	NA

Annex 1: Key performance commitments for South West Water

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

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

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

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

Key common performance commitments	
Measure	Calculations
• 58% reduction in pollution incidents by 2024-25*	$\frac{(19.5 - 46)nr/10000km}{46nr/10000km} \times 100 = -58\%$
• 24% reduction in internal sewer flooding incidents by 2024-25*	$\frac{(1.34 - 1.77)nr/10000km}{1.77nr/10000km} \times 100 = -24\%$
• 35% reduction in water supply interruptions by 2024-25*	$\frac{5min - 7min43sec}{7min43sec} \times 100 = -35\%$
Key bespoke performance commitments	
Measure	Calculations
• 79% increase in the number of hectares of Land enhanced by 2024-25	$\frac{(113,209 - 63,209)ha}{63,209ha} \times 100 = +79\%$
• 38% reduction in external sewer flooding incidents by 2024-25	$\frac{(1,123 - 1,808)nr}{1,808nr} \times 100 = -38\%$
• 17% reduction in sewer blockages by 2024-25	$\frac{(6,500 - 7,800)}{7,800} \times 100 = -17\%$

*September 2018 submission data is used to calculate these values.

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

Introduction

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

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

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

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

PR19 performance commitments

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

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

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

Procedures for changing performance commitments

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

Errors in performance commitments

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

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

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

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

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

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

Changes to third party materials referred to in performance commitment definitions

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

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

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

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

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

Improvements to performance commitment definitions in customers' interests

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

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

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

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

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

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

Reconciling ODIs following changes

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

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

“Bespoke” adjustments to performance commitments

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

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

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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