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By email: pr24@ofwat.gov.uk

14 April 2023

Dear Ofwat

Yorkshire Water Bespoke Performance Commitments

Following careful consideration against the criteria set out in the PR24 Final Methodology and in IN23/02, I am writing to confirm that Yorkshire Water does not intend to propose any bespoke performance commitments (PCs) for PR24.

Further Detail of our Decision

The specific criteria for submission of bespoke PCs were defined in the guidance as being where:

1 - there are local circumstances that do not apply to most other companies and there is compelling evidence that a performance commitment is required to provide incentives to drive benefits for customers, communities and the environment; or;

2 - a company provides poor service on a common issue where other companies' performance is generally adequate and the risk of performance deteriorating is low - such a performance commitment is likely to have underperformance payments only.

Ofwat also stated it "*will consider other cases where a company has compelling evidence that there are company-specific circumstances which mean a bespoke performance commitment will lead to significant additional benefits for customers and the environment that are unlikely to be realised without it.*"

We developed a decision framework to evaluate both our existing bespoke PCs, as well as potential new ideas, against these criteria. We implemented a robust approach that sought input from across the business. Our approach and resultant recommendation have been externally assured and approved by our Board.

Many of our existing bespoke PCs were ruled out before applying the framework as in PR24 they have either become common PCs or Price Control Deliverables. In addition some existing bespoke PCS were created to enable alternative ways of delivering common PCs. These have also been ruled out, as this is now incentivised elsewhere in the methodology.

Against the first Ofwat criterion, we have identified several factors that impact the cost, or delivery, of common services relative to other companies, but we do not consider our service provision to be unique.

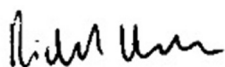
In reviewing criterion 2 we have not identified any areas outside of the common PCs where our service is expected to be poor relative to the industry at the start of the 2025–30 period.

We considered the case for other bespoke PCs however our decision has been to focus our plan for 2025–30 on delivering our core services and an extensive enhancement programme, delivering the outcomes of greatest importance to our customers and the environment. Bespoke PCs may become appropriate for Yorkshire Water in future price reviews as circumstances change, and alternative evidence of customer needs become available.

We therefore do not attach any bespoke PC definition templates.

If you have any further questions, please do not hesitate to contact us using the email address regulation@yorkshirewater.co.uk.

Yours faithfully,



Richard Hepburn

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