

Appendix 19b

Performance commitment definitions

Updates to the May 2018 draft submission

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Bespoke performance commitment definitions

Following the submission of our draft bespoke performance commitments to Ofwat in May, we have engaged further with our customers and stakeholders to finalise and refine our definitions.

In summary, we have:

- 27 bespoke commitments and 14 common commitments.
- 21 are new commitments, 15 are revisions of PR14 definitions and 5 are continuations of PR14 definitions.
- 23 are incentivised through underperformance and outperformance payments, 3 are under performance only penalties, 1 is an outperformance only payment and 14 are non-financial incentives.

This document outlines the updates made to our definitions since the May submission and consists of the following structure:

- Notable updates to content submitted in May.
- Our detailed responses to Ofwat feedback.
- Additional amendments to definitions submitted in May.

Our final bespoke definitions can be found in the updated final definitions document.

As confirmed in our May submission, we will use the standard definitions for the 14 common performance commitments as outlined by Ofwat.

Notable updates to content submitted in May

The following performance commitments have been added, withdrawn, or materially amended since our draft submission to Ofwat in May:

- **Inclusive Customer Service**; following strong support from customers and the Yorkshire Forum for Water Customers, we have developed a new bespoke performance commitment for Inclusive Customer Service.
- **Time taken to resolve customer reported mains leaks**; following our assurance approach, several issues with the reporting of the information were identified. In summary, it is not currently possible at this stage to have sufficient confidence in a systematic approach to recording and reporting the time taken to fix a leak, particularly across some of our contractor organisations. In view of this, this performance commitment has been withdrawn from our submission. This approach was discussed with the Yorkshire Forum for Water Customers on the 16th July 2018.
- **Carbon**; previously referred to as 'Operational Carbon', the performance commitment has been materially amended to present an improved, stretching definition that encompasses our whole life carbon emissions.

Response to Ofwat comments

We have also made further changes to our definitions following the helpful feedback received from Ofwat. The table below outlines our response to each of these comments:

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_1	Working with others	No comments that fall within the scope of this review.	N/A
PR19_YKY_2	Land conserved and enhanced	No comments that fall within the scope of this review.	N/A
PR19_YKY_3	Integrated catchment management	No comments that fall within the scope of this review.	N/A
PR19_YKY_4	Length of river improved	To achieve improved clarity and for the completeness of this definition, you may wish to attach to this definition, an annex identifying the individual WINEP requirements included in the assessment of performance. The annex might also include the length of river associated with each WINEP requirement. You may also wish to provide assurance that no double-counting is involved, in specifying the actual stretch of river being improved by each scheme.	<p>We have attached an annex to the performance commitment definition outlining the length of river improved per WINEP requirement. Further details of our WINEP programme can be found in the PR19 WINEP Investment Technical Appendix.</p> <p>In calculating the length of river improved, we have followed the Environment Agency’s advice for reporting river length improvements, as outlined in the Annex to the performance commitment definition.</p> <p>We note that in some instances this may result in the same length of river being improved for different purposes and therefore being measured twice within the performance commitment. We have amended the text in the performance commitment definition to make this clearer.</p> <p>Our external audit and assurance process confirms that we have followed the EA guidance, as set out in the Summary of Audit Findings supporting document</p>

¹ The references correspond to the draft May submission. We have subsequently revised the performance commitments, and the references in APP1 have now changed. Full details are provided in the APP1 commentary.

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
			and referenced in the Annex to the performance commitment.
PR19_YKY_5	Biosecurity implementation	No comments that fall within the scope of this review.	N/A
PR19_YKY_6	Operational carbon	In terms of completeness, you may want to include a reference to standard outlining tools for your programme which quantify, monitor, report and verify Greenhouse gas emissions.	Since the draft May submission, we have materially amended our Carbon performance commitment to present an improved, stretching definition. We have included details of the tools we use to report on greenhouse gas emission.
PR19_YKY_7	Education	No comments that fall within the scope of this review.	N/A
PR19_YKY_8	Creating value from under-used resources and waste	No comments that fall within the scope of this review.	N/A
PR19_YKY_9	Water recycling	For improved clarity and completeness of this definition, further details on grey water and rain water harvesting should be provided. The definition currently states that this will be calculated on a case-by-case basis. This leads to a lack of clarity. For clarity, you should provide further details, assumptions and/or standard measurements that could be applied to these initiatives.	We have clarified the performance commitment definition to exclude grey water recycling and rainwater harvesting.
PR19_YKY_11	Affordability of bills	This performance commitment is incomplete and is still in development.	The performance commitment has been finalised, and full details are provided in the final definition document.

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_12	Direct support given to customers	You have included in your discussion of exemptions that you will count customers who registered for one of your approved schemes during the reporting year but who have moved home outside its region. In terms of completeness, you may wish to consider whether the customer needs to have been on the scheme for a minimum length of time, in any one year, before they can be counted.	<p>We explicitly recognise that the circumstances which can lead to customers needing direct support are often transient.</p> <p>We do not think it is appropriate to define a minimum time threshold, as this could result in customers being offered direct support services for longer than they are needed, purely for reporting purposes.</p> <p>Customers should be able to access our direct support schemes whenever they need them, and for the time they need them for. The reporting of the measure should reflect this.</p>
PR19_YKY_13	Cost of bad debt	No comments that fall within the scope of this review.	N/A
PR19_YKY_14	Awareness of Priority Services Register (PSR)	For the completeness of this definition, you may wish to consider excluding existing priority services register customers from the sample. Their inclusion means the measure is less likely to give you useful information.	<p>We have updated the performance commitment.</p> <p>The commitment will be measured using the results of the Water Matters Report conducted by an independent company on behalf of Consumer Council for Water (CCWater).</p> <p>The CCWater methodology covers all customers, including those already on the PSR. The data supplied by CCWater does not differentiate between customers on or not on the PSR, therefore we will not be able to exclude those customers already on the PSR.</p>
PR19_YKY_15	Meeting vulnerable customer needs	No comments that fall within the scope of this review.	N/A
PR19_YKY_16	Gap sites (residential)	No comments that fall within the scope of this review.	N/A

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_17	Voids verification	<p>To achieve improved clarity, we suggest you address:</p> <ul style="list-style-type: none"> - how you will measure voids (for example, whether it will be based on a snapshot at year end or an average level over a financial year); - whether the denominator in your metric is all properties in your region or connected properties; - more clarity on how properties are classified, in particular how unverified voids are treated (for example, if information you receive results in designating a property as void, or where more than three months passed and you have not completed one or more of your verification steps in that period). 	<p>We have updated the performance commitment definition as follows:</p> <ul style="list-style-type: none"> - The total number of void properties will be expressed as a percentage of the total number of connected properties measured to the nearest percentage. This will be measured annually as the number on record on 31 March. - At the financial year end, properties will be classified as either a verified void or an unverified void. During the year, unverified voids may step through our process multiple times. Where evidence is inconclusive, cases will remain as unverified. <p>We have provided further information on how properties are classified, and how unverified voids are treated.</p>
PR19_YKY_25	Drinking water contacts	No comments that fall within the scope of this review.	<p>Although not requested, we have developed a definition for this performance commitment to ensure all our bespoke performance commitments are defined.</p> <p>The drinking water contacts performance commitment is defined via the Drinking Water Inspectorate (DWI) guidance from the Information Letter 1/2006: Annual Provision of Information on Consumer Contacts (http://dwi.defra.gov.uk/stakeholders/information-letters/2006/01_2006.pdf)</p>

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_26	Water Supply Interruptions (12 Hours or Longer)	In terms of clarity, we suggest that the measurement unit for this performance commitment could be the number of customers affected, rather than events. The measure, as currently proposed, appears to be difficult for customers to understand.	<p>We have reviewed your suggestion, however we have kept the measure of the definition as ‘number of events’ rather than ‘number of customers affected’ for our bespoke commitment. Full details are provided in the performance commitment appendices.</p> <p>By adopting a measure of the number of events (rather than the number of properties impacted), we can:</p> <ul style="list-style-type: none"> - Recognise that any interruption for a customer longer than 12 hours is unacceptable - Reflect the practice in the energy and gas industries for a ‘worst served customer’ to balance out the average performance approach - Avoid double counting with the supply interruptions measure <p>We have tested the measure with our customers and are confident that they understand the measure clearly. Customer consistently find the measure easier to understand than the supply interruptions measure (customer minutes lost).</p>
PR19_YKY_27	Low pressure	We note this commitment is a continuation of the commitment you have for PR14. However, for completeness, we expect this to be submitted alongside your other definitions.	<p>A definition for this performance commitment has been developed, using the standard definition of Low Pressure for PR19: Properties at risk of receiving low pressure:</p> <p>https://www.ofwat.gov.uk/wp-content/uploads/2017/12/Properties-at-risk-of-receiving-low-pressure.pdf</p>

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_28	Repairing or replacing customer owned pipes	No comments that fall within the scope of this review.	N/A
PR19_YKY_29	Time taken to resolve customer reported mains leaks	To achieve better clarity and for the completeness of this definition, we consider the following should be addressed: <ul style="list-style-type: none"> - re-ordering the paragraphs to make clear that the calculation does not refer to reinstatement; - thought should be given to how the leaks thought to be on company mains but later found to be on customer pipes are dealt with. 	This performance commitment has been withdrawn from our final submission. Our assurance process identified several issues with the reporting of the information. It is not possible at this stage to have sufficient confidence in a systematic approach to reporting the time taken to fix a customer reported leak, particularly in relation to some of our contractor organisations. As a result, this performance commitment has been withdrawn from our submission.
PR19_YKY_35	External sewer flooding	You did not include a definition for this performance commitment. Please confirm that this definition will follow the published guidance for "External Sewer Flooding" as set out in our information notice and PR19 methodology.	A definition for this performance commitment has been using the standard industry definition of External Sewer Flooding for PR19: Reporting guidance – Sewer flooding (https://www.ofwat.gov.uk/publication/reporting-guidance-sewer-flooding/).
PR19_YKY_36	Bathing water quality	No comments that fall within the scope of this review.	N/A
PR19_YKY_37	Surface water removed and/or attenuated	No comments that fall within the scope of this review.	N/A
PR19_YKY_39	Abstraction Incentive Mechanism (AIM)	We consider the process taken for site identification lacks clarity. Improved clarity could be achieved by, for instance, including the application of the final PR19 methodology guidance and providing clarification that the Environment Agency is expected to propose AIM sites.	We have amended the definition for the Abstraction Incentive Mechanisms to provide greater clarity around the identification of AIM sites.

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_40	Quality agricultural products	<p>To achieve improved clarity, you may want to consider how you define the sludge in terms of any sludge trading you may take part in. For example, whether your commitment relates to:</p> <ul style="list-style-type: none"> - all the sludge you produce through your wastewater treatment processes thus including sludge you may export to another treatment and recycling provider; - all the sludge/organic waste you treat and recycle thus including sludge/organic waste you may import; or - only the sludge you produce in your wastewater treatment processes that you also treat yourself. <p>In terms of completeness, your measurement states that BAS accreditation will be measured annually at all sludge treatment centres and third-party sludge treatment sites. This appears to miss any BAS accreditation measurement related to biosolids application to agricultural land. You may want to consider clarifying the scope of your performance commitment.</p>	<p>We have amended the definition for Quality Agricultural Products to clarify that the measure covers:</p> <ul style="list-style-type: none"> - all of our sludge production, including that exported to another treatment and recycling provider - all the sludge we import - BAS accreditation covers biosolid application to agricultural land.

Ofwat Ref ¹	Name	Feedback on proposed definition	Response to Ofwat
PR19_YKY_41	Renewable energy generation	<p>To achieve improved clarity and for the completeness of this definition, you may wish to:</p> <ul style="list-style-type: none"> - include a reference to the Ofgem REGO certification for the generation of the renewable energy, as well as a reference to external auditing of the renewable energy measurement. - include a formula for conversion of biogas to energy and a reference to the source and rationale of the formula; - move the paragraphs on 'Biogas energy measurement achieved with two methods' and 'Conversion of gas volume and gas quality into energy (kWh)' from 'Key terms' to 'Measurement'. 	<p>We have amended the renewable energy generation definition to clarify:</p> <ul style="list-style-type: none"> - REGO is not applicable in this instance. - Included the formula for converting biogas to energy (including a reference to the source and rationale of the formula) <p>We have also adopted the drafting suggestion.</p>

Additional amendments to definitions submitted in May

In addition to the amendment made following Ofwat feedback, the table below outlines the revisions made to our draft bespoke definitions submitted in May.

PC name	Revision
Changes applicable to several PCs	<p>The outcome wording for the following performance commitments have been corrected to clarify 'drinking water':</p> <ul style="list-style-type: none"> - Education (7) - Water recycling (9) - Drinking water contacts (26) - Significant water supply events (27) - Low pressure (28) - Repairing or replacing customer owned pipes (29) - Abstraction incentive mechanism (39)
Working with others (PC reference = 1)	Clarification for end of AMP ODI added to the definition.
	Price control allocation amended to no longer include water networks or residential retail.
	Clarification added to the definition to outline that progress toward the target will be reported annually.
Land conserved and enhanced (PC reference = 2)	Price control allocation amended from 'water resources' and 'water networks' to 'water resources' and 'wastewater networks'.
	Clarification added to the definition to outline that progress toward the target will be reported annually.
Integrated catchment management (PC reference = 3)	Following customer forum feedback, the PC short description, unit and unit description, have been amended to reflect percentage (%) of catchments, rather than number. In addition, the decimal places being reported to has been amended to '0' from '1'
	The mitigations, additional information and key terms have been updated in the performance commitment definition.
	As this PC is in its infancy, a non-financial incentive is more appropriate.
	Price control allocation amended to remove reference to 'water network'.
	Clarification added to the definition to outline that progress toward the target will be reported annually.
Length of river improved (PC reference = 4)	Annex included to address Ofwat comments.
	Clarification added for the timing of ODI recovery.
	Price control allocation amended clarify appointee level and to remove reference to 'water network'.
	Clarification added to the definition to outline that progress toward the target will be reported annually.
Biosecurity implementation (PC reference = 5)	Price control allocation amended to reference only 'water resources' and 'bioresources' price controls.
	Clarification added to the definition to outline that progress toward the target will be reported annually.
Carbon (PC reference = 6)	PC updated with amendments to:
	- The PC name (Carbon, previously Operational Carbon);
	- The PC short description ('The reduction in our total carbon footprint (CO2e)', previously 'The annual total of our operational carbon emissions, including the carbon we sequester in our land.'
	- ODI timing now 'End of AMP', previously 'In-period';
- Decimal places reported to has been amended to '1', previously '0'	
Updates to the definition in response to Ofwat comments.	
Price control allocation amended to remove reference to 'residential retail'	

PC name	Revision
Education (PC reference = 7)	ODI type updated from 'Out and under' to 'Under'.
	Price control allocation amended to remove reference to 'residential retail'
Creating value from waste (PC reference = 8)	Decimal places clarified in the definition.
	PC name changed to 'Creating value from waste' from 'Creating value from under-used resources and waste'.
	PC definition updated to include clarification of the land contributing to waste types, reworking of areas previously outlined as exclusions and the addition of content around working with other parties.
	Price control allocation amended to remove reference to 'residential retail'
	Clarification added to the definition to outline that progress toward the target will be reported annually.
Water recycling (PC reference = 9)	Definition amended following Ofwat comments.
	Short definition updated to reflect Ofwat comments.
	Price control allocation amended to remove reference to 'water resources'.
D-Mex (PC reference = 10)	This is a common performance commitment. No definition submitted.
Affordability of bills (PC reference = 11)	Definition amended following Ofwat comments.
Direct support given to customers (PC reference = 12)	Definition amended following Ofwat comments.
Priority services awareness (PC reference = 14)	PC name amended from ' Awareness of Priority Services Register' to 'Priority services awareness'.
	Definition revised following the change in methodology.
	In response to Ofwat comments, the exclusion of PSR customers from the survey is not possible due to CCWater methodology and data.
Priority services satisfaction (PC reference = 15)	Definition updated following finalisation of methodology.
	PC name amended, from ' Meeting vulnerable customer needs' to 'Priority services satisfaction'.
	Incentive type amended from 'underperformance' to Non-financial, due to the infancy of the performance commitment.
Inclusive customer service (PC reference = 16)	New definition.
Gap sites (PC reference = 17)	Definition finalised
	PC renamed for clarification, from 'Gap sites (residential)' to 'Gap sites'.
	Definition updated to specify number of decimal places the measure will be reported to '0'.
Voids verification (PC reference = 18)	Wording amended in definition to address and clarify Ofwat comments.
	Definition amended to specify the decimal place reported to (to the nearest percentage)
	The outcome of this performance commitment has been revised, from 'Customers' to 'Bills'.
C-Mex (PC reference = 19)	This is a common performance commitment. No definition submitted.
Drinking water quality (PC reference = 20)	This is a common performance commitment. No definition submitted.
Water supply interruptions (PC reference = 21)	This is a common performance commitment. No definition submitted.
Leakage (PC reference = 22)	This is a common performance commitment. No definition submitted.

PC name	Revision
Unplanned outage (PC reference = 23)	This is a common performance commitment. No definition submitted.
Mains repairs (PC reference = 24)	This is a common performance commitment. No definition submitted.
Per capita consumption (PC reference = 25)	This is a common performance commitment. No definition submitted.
Drinking water contacts (PC reference = 26)	Following Ofwat comments, a definition has been developed, using the industry standard definition.
Significant water supply events (PC reference = 27)	PC name updated from ' Water Supply Interruptions (12 hours or longer)' to 'Significant water supply events'.
Low pressure (PC reference = 28)	Following Ofwat comments, a definition has been developed based on the industry standard definition.
Time taken to resolve customer reported mains leaks	Performance commitment removed.
Pollution incidents (PC reference = 30)	This is a common performance commitment. No definition submitted.
Internal sewer flooding (PC reference = 31)	This is a common performance commitment. No definition submitted.
Treatment works compliance (PC reference = 32)	This is a common performance commitment. No definition submitted.
Sewer Collapses (PC reference = 33)	This is a common performance commitment. No definition submitted.
Risk of sewer flooding in a storm (PC reference = 34)	This is a common performance commitment. No definition submitted.
External Sewer Flooding (PC reference = 35)	Following Ofwat comments, a definition has been developed based on the industry standard definition.
Bathing Water Quality (PC reference = 36)	No changes made to the definition.
Surface water management (PC reference = 37)	Amendment of number of decimal places, from '2' to '0'.
	PC name updated from 'Surface Water Removed and or Attenuated' to 'Surface water management'.
Risk of severe restrictions in a drought (PC reference = 38)	This is a common performance commitment. No definition submitted.
Abstraction Incentive Mechanism (PC reference = 39)	Amendment to the definition to correct reference to 'Yorkshire Forum for Water Customers'.
	Definition amended to include clarifications as requested by Ofwat.
	Definition updated to include reference to the PC history.
Quality Agricultural Products (PC reference = 40)	Short definition amended to specify 'agricultural': The percentage of biosolids sent to agricultural land that achieves Biosolids Assurance Scheme (BAS) certification.
	Definition amended to include clarifications as requested by Ofwat.
Renewable Energy Generation (PC reference = 41)	PC unit updated from 'kWh' to 'GWh'
	Short definition updated from 'The kilowatt hours of energy generated from the biogas we produce' to 'the gigawatt- hours of energy generated from the biogas we produce'. Definition amended to include clarifications outlined by Ofwat.