

TA 6.3 Rationale for AMP6 Amendments and Discontinuations Technical Annex

September 2018
Version 1.0

Navigation: TA 6.3 – Rationale for AMP6 Amendments and Discontinuations

Purpose:

This technical annex sets out the rationale for the AMP6 Performance Commitments which we are proposing to amend or discontinue in AMP7.

This is a Technical Annex to Chapter 6 of our Plan, Outcomes, PCs and ODIs. It should be read in conjunction with:

- Chapter 6 – Outcomes, PCs and ODIs
- TA6.1 – Our approach to PCs and ODIs
- TA6.2 – Our package of PCs and ODIs

The table below summarises the Ofwat tests that are addressed by the evidence presented in this Appendix.

Table 1: Relevant Ofwat tests

Ref	Ofwat test	Comment
Primary Focus Areas		
OC1, OC2, OC3	Delivering outcomes for customers	Outcome tests relevant to: Common PCs Asset health PCs and ODIs Bespoke PCs Scheme-specific PCs
Our approach to determining PCs and ODIs was set out in the Chapter and other supporting Annexes. This Technical Annex sets out the reasons for amending or discontinuing PCs we used in AMP6.		
Secondary Focus Areas		
EC1	Customer-engagement	
CMI1	Targeted controls markets and innovation	
AV1, AV2, AV3, AV4	Addressing affordability and vulnerability	
CE4	Securing cost efficiency	
LR1, LR2	Securing long-term resilience	
CA4	Securing confidence and assurance	

1. Discontinued and amended AMP6 Performance Commitments

Following our extensive programme of customer engagement and our systematic process for identifying the most appropriate PCs for AMP7 (see TA 6.1) we have decided to discontinue or amend 20¹ PCs from AMP6.

This is one fewer than included in the list that we provided to Ofwat on 3 May 2018. Following discussions with our CCG we have reinstated Distribution Input as a reputational PC for AMP7. This is because the CCG believed it was important to have a measure of our total abstraction from the environment to reflect our customers' interests, and Distribution Input is the best available proxy that we have currently. We have committed to developing a direct measure of net abstraction during AMP7 to allow reporting in AMP8.

There are three principle reasons for discontinuing PCs:

- i. They have been superseded by other PCs
- ii. They have become redundant (e.g. scheme-based PCs)
- iii. They are no longer a priority for customers based on our PR19 research

Table 2 below sets out the rationale for each of the 20 discontinued PCs.

Table 2: Rationale for Discontinuing AMP6 PCs

Price Control	AMP 6 Performance Commitments	Rational for discontinuing
Wholesale Water	Discoloration	Revised definition for AMP7. Appearance PC replaces discoloration PC. Our AMP6 performance is on target.
Wholesale Water	Water use restrictions	Superseded by new Ofwat PC. Ofwat drought resilience PC covers same area. Our AMP6 performance is on target with no need for any restrictions forecast.
Wholesale Water	Water asset health (mains bursts, TIM, WSW & WSR coliform compliance, turbidity compliance)	Superseded by new Ofwat PCs. Ofwat's suite of asset health indicators replace the bespoke AMP6 PC. Our AMP6 asset health is stable.
Wholesale Water	Drinking water quality – mean zonal compliance	Superseded by new Ofwat PC. DWI / Ofwat CRI common PC covers same area. Our AMP6 performance is within the ODI deadbands (target is 100%).
Wholesale Wastewater	Odour complaints (Portswold and Tonbridge WTWs)	Redundant scheme-based PC. AMP6 PC related to two specific odour schemes. We expect to deliver the schemes but are forecasting some continuing odour complaints at one of the works.

¹ Excluding SIM, which is being replaced by C-MeX

Wholesale Wastewater	Thanet sewers	Redundant scheme-based PC. AMP6 PC related to a specific capital scheme. This will be completed by completed by 31/03/2020.
Wholesale Wastewater	Woolston WTW	Redundant scheme-based PC. AMP6 PC related to a specific capital scheme. This will be completed by completed by 31/03/2020.
Wholesale Wastewater	Millbrook sludge	Redundant scheme-based PC. AMP6 PC related to a specific capital scheme. This will be completed by completed by 31/03/2020.
Wholesale Wastewater	% PE compliance	Superseded by new Ofwat PC. Ofwat common PC on works compliance replaces this measure. We have enhanced the common PC to take account of PE.
Wholesale Wastewater	Sewer Blockages	Superseded by new Ofwat PCs. Ofwat common PCs on flooding and pollution more directly measure customer impact. Our AMP6 performance is on target.
Wholesale Wastewater	Avoiding blocked drains	New PC trialled in AMP6. While we have reported improvements we are concerned about the robustness of the survey tool. We forecast performance will be on target at the end of AMP6.
Wholesale Wastewater	Wastewater asset health (sewer collapses, WTW compliance, flooding)	Superseded by new Ofwat PCs. Ofwat's suite of asset health indicators replace the bespoke AMP6 PC. Our AMP6 asset health is forecast to be stable at the end of AMP6.
Wholesale Wastewater	Serious pollution incidents	Superseded by new Ofwat PC. Ofwat common PC on Category 1-3 pollution incidents replaces this measure. We have committed to continuing to report the number of serious (Category 1 and 2) pollution incidents. Our AMP6 performance is on target.
Household Retail	Dealing with customers' individual needs	Covered by C-MeX. Customers increasingly expect a more tailored service and this is reflected in our strategy. C-MeX will be influenced by customer opinion of the extent to which we meet this expectation.
Household Retail	Billing queries	Covered by C-MeX. Ofwat's new C-MeX measure will be influenced by unwanted billing contacts. This PC also disincentives positive actions which may drive contact. Our performance is below target, but improving monthly.
Household Retail	First contact resolution	Covered by C-MeX. Ofwat's new C-MeX measure measures customer satisfaction, which is closely correlated with FCR. Our

		performance is below target, but improving, and by the end of the AMP will be in line with external (ICS) benchmarks.
Household Retail	Value-for-money	Covered by C-MeX. Ofwat's new C-MeX measure will reflect customer perception of value for money by including non-contact customers. We do not expect performance to be on target at 2020, but continue to drive for improvements through our communications.
Household Retail	Take up of assistance schemes	Revised definition for AMP7. New PC will measure the effectiveness of support provided, reflecting a maturing of our support strategy. We are well ahead of target.
Household Retail	Awareness of water hardness measures	New PC trialled in AMP6. Not a customer priority for AMP7.
Household Retail	Where your money goes	Covered by C-MeX. Ofwat's new C-MeX measure will reflect whether customers feel we provide them with appropriate information and advice. We do not expect performance to be on target at 2020, but are forecasting improvements from our communications strategy.